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CONSERVATISM  
AND THE FUTURE





# CONSERVATISM AND THE FUTURE

BY

LORD EUSTACE PERCY, M.P.

*The Conservative Attitude and Conservative  
Social Policy*

W. S. MORRISON, K.C., M.C., M.P.

*Economics*

CAPTAIN F. F. A. HEILGERS, M.P.

*Agricultural Revolution in Three Years*

P. V. EMRYS-EVANS, M.P., AND

CAPTAIN J. DE V. LODER, M.P.

*Foreign Affairs*

HUGH MOLSON, M.P.

*The Future of the Constitution*

THE EARL OF IDDESLEIGH

*Conservatives and the British Empire*

E. THOMAS COOK

*The Electors Demand a Policy*



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# CONTENTS

	PAGE
THE CONSERVATIVE ATTITUDE AND CONSERVATIVE SOCIAL POLICY— <i>Lord Eustace Percy, M.P.</i>	I
ECONOMICS— <i>W. S. Morrison, K.C., M.C., M.P.</i>	42
AGRICULTURAL REVOLUTION IN THREE YEARS— <i>Captain F. F. A. Heilgers, M.P.</i>	95
FOREIGN AFFAIRS— <i>P. V. Emrys-Evans, M.P., and Captain J. de V. Loder, M.P.</i>	149
THE FUTURE OF THE CONSTITUTION— <i>Hugh Molson, M.P.</i>	194
CONSERVATIVES AND THE BRITISH EMPIRE— <i>The Earl of Iddesleigh</i>	246
THE ELECTORS DEMAND A POLICY— <i>E. Thomas Cook</i>	303



## FOREWORD

THE contents of this volume have been contributed by Members of the House of Commons and the House of Lords, with one exception. The exception is myself, and my connection with the book is due to the fact that the idea originated with me.

It is a statement of Conservative ideas, but in no sense does it represent a joint declaration of policy, since the book has not been concerted between the contributors as a group. I invited the contributors individually and I have made no attempt, even if one were necessary, to harmonise opinions in an editorial capacity.

Consequently, where agreement between the different authors is not stated it must not be assumed; and if there is unity in the book it proceeds from a natural convergence of ideas.

I am deeply indebted to the contributors of this volume for their response to an invitation from one who, as yet at any rate, has but small stake in the conduct of national affairs.

E. THOMAS COOK.

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S.W.1.*



# THE CONSERVATIVE ATTITUDE AND CONSERVATIVE SOCIAL POLICY

BY LORD EUSTACE PERCY, M.P.

## I

THE words "conservatism" and "conservative" in the title of this book and the heading of this introductory chapter are, truth to tell, something of a concession to popular usage. The writer of this chapter, at any rate, prefers to think of himself as a Tory. But, not to quarrel about names, if this political school of thought is to be known, in the immediate future as in the immediate past, as "conservative," it is important to define what it is that its members seek to conserve.

They emphatically do not seek to conserve the present social system or the present distribution of wealth. On the contrary, they are pledged by the whole history of their party to regard that system and that distribution as profoundly unsatisfactory. Goldsmith summed up nearly a century and a half of Tory doctrine and Tory grumbling, from Swift sixty years before him to Cobbett and Disraeli sixty and eighty years after



him, in the political harangue which he put irrelevantly in the mouth of the Vicar of Wakefield.

“If the circumstances of our state be such as to favour the accumulation of wealth, and make the opulent still more rich, this will increase their ambition. An accumulation of wealth must necessarily be the consequence when, as at present, more riches flow in from external commerce than arise from internal industry; for the external commerce can only be managed to advantage by the rich. . . . The possessor of accumulated wealth, when furnished with the necessaries and pleasures of life, has no other method to employ the superfluity of his fortune but in purchasing power. That is, differently speaking, in making dependents, by purchasing the liberty of the needy or the venal, of men who are willing to bear the mortification of contiguous tyranny for bread. Thus each very opulent man generally gathers round him a circle of the poorest of the people; and the polity abounding in accumulated wealth may be compared to a Cartesian system, each with a vortex of its own.”

Goldsmith's Vicar, be it observed, did not deny that “England's Treasure in Foreign Trade” had

raised, and would raise, material standards of living for the poor as well as for the rich; the gravamen of his complaint was that, by deepening the contrast between comparative riches and comparative poverty, it undermined the unity of the nation, and that, by attracting the poor into the personal service of the rich, it destroyed their independence and therefore their liberty.

Into the ditch which commercialism had thus dug between the classes burst the turbulent waters of the industrial revolution; into a "solar system" of society where the traditional orbits of the different "orders" of the community had already been disturbed by new centres of attraction, by the "nabob's" household and the progressive landlord's enclosed farm, was introduced the disintegrating pull of the mechanised factory. It was at this moment—or, rather, too late, when the ditch between the classes had already been hollowed into a chasm between "two nations," and when the flying stardust of the old social system was already coagulating into fresh nuclei in the workshop and the slum—that Disraeli popularised the name "conservative." At such a time the new name obviously served, not to soften the old Toryism, but to give it a more pointed significance. What was to be conserved was the remnants of the old England. The deepening of the chasm was to be arrested and new

bridges built across it; what was left of the individual's independence was to be saved from extinction and new ways of re-creating independence were to be devised for those who had lost it.

It will be observed from this description that, even at its birth, conservatism was only half—in fact, much less than half—conservative. It was conservative mainly in its belief that certain principles were essential to the sound constitution of any society; and this very belief, held through all changes in social conditions, forced it to seek new ways of putting its principles into practice. While, therefore, it differed sharply from liberalism or radicalism in its attachment to old maxims of government, it differed from them even more sharply in its search for new expedients of policy. In this it differed also, and no less sharply, from conservative parties in other countries. The line of division between “right” and “left” in England has never been the same as on the Continent of Europe, partly because the principle of a limited monarchy was early accepted by both parties, and partly because, throughout the eighteenth century, the “right” was, not the ruling and defending, but the minority and attacking party, sceptical of accepted doctrine and hostile to the vested interests of the day. This peculiar alignment was accentuated in the mid-nineteenth century, when

liberalism became, for a time, the defender of a rigid *a priori* principle, the doctrine of *laissez faire*, to which it seemed to attribute eternal validity. In fact, not only did English conservatism have little or nothing in common with the "legitimist" parties of the Restoration era on the Continent after the fall of Napoleon; but it, and not English liberalism, may be regarded as the direct successor of the great reforming statesmen of pre-revolutionary Europe, like Pombal and Leopold of Tuscany. It kept alive that tradition of positive reform during the generation or so which elapsed before the Manchester School of individualistic industrialism was superseded by the Birmingham School of Chamberlain radicalism; and, since then, after the principle of positive "social reform" had come to be as universally accepted by all parties in the State as the principle of limited monarchy, conservatism has disputed on at least equal terms with liberalism and socialism its claim to be the best interpreter of that principle.

But it may be doubted whether this latter period of competition between parties for the honours of social reform has been a wholly creditable one. Social reform, like all other policies, is subject to the law of diminishing returns, and the more all parties combine to exploit it, the quicker does it tend to be worked out. The


quicker, too, does its exploitation become aimless and unprincipled. Measures, which conservatism originally regarded as expedients for the attainment of certain ends, have become ends in themselves, and the real ends have been forgotten. It is all very well for the party machines to tot up the items of reforming legislation for which their party has been responsible and to assure the electorate that their friend is Codlin, not Short; but the historian may well ask what, in this period, has been the net result of all this competition.

The period falls into two halves: the twenty years or so from the Newcastle Programme to the outbreak of the Great War, and the sixteen years since the Armistice. The first period, in spite of all its resounding propaganda, produced only four great measures, the Education Act of 1902, the Old Age Pensions Act of 1908, the National Health Insurance Act of 1912 and the foundation of the school medical services, with two minor measures representing the first tentative steps towards housing reform and insurance against unemployment. In the second period reformers have had to contend with great difficulties, but they have also had a great advantage. The war had diminished the national wealth, but it had diffused it more widely; many manual workers were unemployed, but those in employ-

ment enjoyed more leisure and a higher standard of living than ever before. Yet future historians will probably dismiss as of merely temporary significance most of the legislative activity of these years on the subjects of housing and unemployment. They will acknowledge the steady administrative progress achieved in health and education services, but they may well regard the great Local Government Acts of 1929 as not much more than an administrative reorganisation; and the only measure of social reform, passed between 1919 and 1933, which they will recognise as a major one may be the Insurance Act of 1925. It is too early to say whether the Unemployment Act of 1934 and the contemplated Housing Act of 1935 will deserve to rank as major reforms, but the historian, tracing the course of positive social policy during these years, will probably attach much more importance to two measures not directly connected with the development of "social services": the Coal Mines Act of 1930 and the legislation for the reorganisation of agriculture from 1931 onwards.

The historian may, in fact, conclude that this period marks the closing phase of the long effort to mitigate or counteract the social effects of industrialism, and the first phase of a new effort to modify industrialism itself. In more exact terms, he may point out that "social reform" took

for granted the occupations in which the citizens earned their livelihood and strove only to ensure that, outside their occupations, they should enjoy the amplest possible opportunities for a full and healthy life. It intervened in occupational questions only so far as was absolutely necessary to attain this end, determining, for instance, the minimum age of employment and the minimum conditions of health and safety in factories. Since, however, man's occupation must be the main material influence in his life, this restriction of aim set definite limits to the range and effectiveness of social reform measures. It was always possible to argue, with much force, that the progress achieved in the era of social reform was in fact due mainly to an increase of wealth resulting from a more efficient occupational organisation of society, and that the main agents in that progress were, not public officials or parliamentary politicians, but the employer and the trades union. It can, at any rate, hardly be doubted that the revolution in social conditions (for it was nothing less) brought about by the war was primarily a revolution within the walls of the war factory; and it is that revolution which has made itself felt since the war, both in improved standards of living and in widespread unemployment. The new phase of reform, which seems now to be just beginning, may be based



upon a recognition of this fact and may direct itself primarily to the occupational reorganisation of society.

## II

But, in this new phase, everything will clearly depend on the reformer's conception of man's occupational life. On the one hand, the reformer's ideal may be that a man should regard his occupation as his own instrument for creating the things he desires to create, or for acquiring by exchange the wealth which he needs in order to build up round himself the kind of home he wants and the kind of possessions which he enjoys. On the other hand, the ideal may be that the citizen's occupation is of such importance to society that society as a whole must organise and direct it, allotting to him the largest possible proportion of the wealth it creates, but allowing him no more individual control over its purposes or its processes, and no more individual ownership of its assets, than he has enjoyed for the last hundred years. Both these conceptions, the individualist's and the socialist's, are, of course, ideals to which policies may approximate but which they can never attain. But it is ideals which determine, or should determine, the align-



ment of parties, and it is along some such line as this that the parties of the future will probably range themselves.

At this point, then—from the stage in our national history at which we now stand—the conservative eye looks back a hundred years and the conservative mind asks itself what was the conception of society which lay at the root of conservative social policies in the early days of the industrial revolution. That conception may perhaps be condensed into one broad generalisation: that society is healthy in proportion as the greatest possible number of its members possess a recognised status not dependent upon the will of their fellow-citizens. It was a Tory publicist who defined the development of a civilised community as an evolution “from status to contract,” and the definition is sound. The conservative, no less than the liberal, believes that no society can be healthy where the individual does not enjoy freedom of movement within the social framework, irrespective of the position in it which he occupies at birth. There is no doubt that the main strength of Great Britain as an industrial nation has been the vertical mobility of labour within her industrial system, a mobility which exists in no other industrial nation in Europe and which, incidentally, accounts for the peculiar organisation, or lack of organisation, of technical

education in this country. But freedom of movement implies firm earth underfoot, a sufficient "take-off" for any leap. There can be no real freedom of contract unless both contracting parties can afford, in some degree, to reject unfavourable bargains and choose the most favourable. To a man who begins life with no status at all, whose barest livelihood depends upon the conclusion of a contract the moment he leaves school, his first contract may well mean, not the first step in any progress, but the enforced acceptance of an imposed status from which he has little subsequent chance of freeing himself. Security of status is, in fact, the essential counterpart of freedom of contract, and the gravamen of the charge brought by conservatives against the new industrialism was that it tended to destroy security of status altogether.

From the ground on which we stand to-day we can see, much more clearly than our fathers, how just was this conception of society. We can see, on the one hand, that, given a popular system of education, a society composed of social "orders," each identified with some form of property or with some traditional occupation, can, in fact, offer to ability, in whatever "order" it may show itself, the very widest opportunity of free movement. Scotland proved this first; other nations, as for example in Scandinavia, have proved it

since. We can see, on the other hand, that in an industrialised society composed of social "classes," representing merely degrees of economic competitive ability in an open market, the appearance of free movement is largely illusory, for it depends mainly, not upon the activity of the individual citizen, but upon the velocity of the economic system as a whole. While the mass is travelling at great speed, while trade is expanding rapidly, the motion of the mass will cause a continual redistribution of the particles of which it is composed; but when, as now, its speed slows down, the particles tend to pack together in a state of immobility. Then not even the most popular system of education can confer real freedom of movement on the individual. Extreme comparisons are hardly fair, yet it is relevant to point out that the "stickit minister" in Scotland a century ago, tragic figure as he was, could at least return to the plough-tail; but for the successful scholar from Dowlais or Bryn Mawr to-day, who fails to get employment as a teacher, there remains no prospect but life on the dole.

The preservation or restoration of "status" was, then, the real original purpose of conservative social reform and the first step was obvious. Status depended on two things: the land and the craft. The landless labourer and the mere wage-

earning craftsman had alike lost any individual *interest* in their occupation, whether as freeholder or customary tenant or as apprentice or master in a craft. It was difficult to see how the loss could be made good, but at least it was obvious that in each case reconstruction must depend on an essential condition: on the restoration of agricultural prosperity and on freedom of combination for the worker. It would, of course, be absurd to represent the politics of the "landed interest" in the nineteenth century as being inspired by an unselfish desire for social reconstruction. The struggle between landlord and industrialist was a struggle between two selfishnesses. It would be equally absurd to represent Tories or conservatives as consistent defenders of the old craft system or of the new trade union. On the contrary, they were at least as responsible for the repeal of the Statute of Artificers in 1814 and for the Tolpuddle folly as any party in the State. But selfishness and prejudice are no more sufficient explanations of conservative policy than they are of Cobdenism. They are the seamy side of every political garment and, while each party amuses itself by turning its opponent's coat inside out, it is the historian's business to value the material and cut of every coat and to take the stitches for granted.

No less obvious was the fact that the individual

could not retain or regain any measure of independence unless he could be protected from some of the physical results and tendencies of the industrial revolution—from factory employment during childhood, from bad housing, and so on. “*Sanitas sanitatum*” was not merely an ingenious party cry; it was a logical part of the policy of status. Yet it was at this point that that policy began to degenerate into mere “social reform.” The reader will have already observed that the policy of status bears, at first sight, a pretty close resemblance to the Fabian policy of the “social minimum.” The idea of a general minimum of wages, housing conditions, education and the like appears to offer precisely the firm “take-off” at which the policy of status aims; and it is on this common platform that conservatives, liberals and socialists have tended increasingly to crowd together during the last forty years or so.

Conservatives have joined and remained in this crowd the more readily because, let us face the fact, the next steps in their real policy were far from plain. Difficult as the early industrialists of the eighteenth century had found it to attract the agricultural worker into the factory, it was even more difficult to reverse the process in the later years of the nineteenth and the early years of the twentieth century, even if agriculture had been sufficiently prosperous to warrant the attempt.

The trade union movement, great as had been the benefits it had conferred on the worker, had failed to give him anything approaching a vested interest in industry; and, so far from re-creating a measure of independence for the individual, it bade fair to develop, as the old guild system had periodically developed, into new forms of tyranny. Just before the war, young conservatives were beginning to play with the idea of syndicalism; but after the war it soon became only too clear that the new workers' syndicate would be but the old capitalist trust writ large. The policy of status was, indeed, incompatible with the industrial system as it existed. If it was to be carried further, the system itself would have to be profoundly modified, and that was a task which conservatism could not undertake, for reasons which we shall have to discuss in a moment. Conservatives were, in fact, marking time and the "social minimum" offered them a respectable field for that purpose, a field lying naturally in their line of march, though now rather uncomfortably crowded by other squads engaged in the same exercise.

But the social minimum is, in truth, no answer to the old conservative demand for status, and for this reason: the minimum can, in practice, only be determined by the government of the day in its administrative discretion, and must, for the

most part, take the form of weekly payments barely sufficient to meet current needs. Even if the payments are made at rates which remain fixed for long periods of time, undiminished by "cuts" dictated by policies of economy or by variations in the cost of living, they cannot give the recipient that sense of ownership or settled interest which is the essential characteristic of status. The social minimum is a rope which may prevent the climber from falling but does not afford him a foothold. The history of the "means test" under the Old Age Pensions Act of 1908 has taught us that lesson once and for all. Its administration became intolerable until it was superseded by the contributory system of 1925. The idea of contributory insurance is, in fact, the one real advance which has been made in the last quarter of a century towards the policy of status. Its effectiveness is limited and it has probably now been carried as far as it can go, but within its limits it does confer on the individual a settled interest not dependent on the will of his fellow-citizens or of any government authority.

If there be any truth in this account of the real aims of conservative social policy, it is evident that the period of marking time is over—that, if conservatism is to fulfil its destiny, or to survive at all, it must now take up its old task in a new form. Its opportunity, so long awaited, has

arrived. The industrial system which was incompatible with the policy of status, but which conservatism could not reconstruct, is cracking as a heated vessel cracks when it is cooled too suddenly. Old forms of employment have again been destroyed and large populations are again seeking new means of livelihood, as in the early nineteenth century. As in those days, too, old forms of ownership are disappearing, for, in whole branches of industry, the equities of the old limited liability company have lost their value. Finally, as in those days, the organisation of production is being profoundly modified, and rationed output for a limited demand is taking the place of competition for expanding markets. Changes hardly less far-reaching are impending in agriculture and in the distributive trades. Whatever may be the future of the economic system, its reconstruction is inevitable and the question for conservatism to-day is how that reconstruction can best be directed towards the attainment of the old conservative aim.

That question is not to be answered in this introductory chapter. Our object here has been merely to examine the general nature of the conservative attitude towards the "existing social system." It is an attitude of profound dissatisfaction, an attitude of readiness to take advantage of every opportunity, and especially of the present



opportunity, to recast that system. It is an attitude of radical opportunism in the choice of expedients, but it is an attitude also of steady adherence to certain old purposes which those expedients are to serve.

### III

But this is obviously not the whole story. The critic will easily detect a flaw in this character sketch. He may retort that the conservative is certainly an opportunist, but that his claim to radicalism is hardly convincing. After all, when Goldsmith wrote in 1766, Toryism was already emerging from its long eclipse. For seventy years from the accession of George III it was more or less in control of government. True, for the first twenty years it was weak, hardly recovered from its Jacobite infection and dependent upon royal favour rather than upon popular support; and during the next fifty years it formed but one element in the shifting medley of groups which originally coalesced round the younger Pitt. Nor is it surprising that men who had to meet the storms of the revolutionary and Napoleonic wars should have failed to formulate a coherent domestic policy. Yet the fact remains that during this whole period official Toryism did nothing to

counteract the economic and social tendencies which Tory intellectuals had so fervently denounced; and it was, indeed, this very failure that drove Disraeli to the creation of what was, in effect, a new party under a new name. But conservatism is surely open to even graver charges of neglect than the older Toryism. Why, if the economic and social system which it inherited debarred it from any more drastic policy than the palliatives of social reform, did it not devote itself to a fundamental remodelling of that system?

The answer to this question is important because it touches the root of what is commonly regarded as the essentially conservative element in Toryism. That element takes many different forms and any description of it must be a purely personal one. To many conservatives it is simply a sense of the continuity of society, a disbelief in the possibility of sudden change or a realisation of its dangers. To call it "conservative" is really to mistake its character, for it is precisely because a man is not content with the ground on which he stands and is determined to get somewhere else that he distrusts short cuts. The irrigation engineer does not believe, like the old-school liberal, that the course of the river must be the best of all possible courses, and he is perfectly willing to submerge a temple of Philae in order to gain his ends, but he knows that the diverter

of waters must follow the contours of the country. This is an adequate explanation of much of the caution and restraint which the Tory is apt to show, but the real root of the feeling goes much deeper.

Toryism is, in fact, deeply rooted in the soil from which, during the last two thousand years, our whole civilisation has grown, the soil of certain religious beliefs and a certain conception of man's destiny. Even where these beliefs are no longer consciously held, they determine the shape of Western thought. Tory radicalism is of the kind indicated by the remark of an Irish American socialist, reconverted to his ancestral Church: "I have discovered that, if you believe in God, you thereby acquire the right to question everything else." In other words, the first commandment of the Mosaic law was the original charter of free thought, and it remains the only sure protection against conventional idolatries. Similarly, the Tory belief in the authority of government is a belief in a divine commission; in other words, it is an authority absolute in its own sphere but strictly limited by the terms of its commission. It is an authority exercised for moral ends, "for the punishment of evil-doers and the praise of them that do well"; but it is exercised by force, and force, while it can secure the outward observance of the moral law, can never re-

generate society. It has become a popular habit in recent years to speak of "the State" as if it were a synonym for the whole range of organised social action, and this confused thinking is one of the greatest dangers of the modern world. The State is compulsion. It is law backed by the sanction of punishment. It is compulsion even if it is only the familiar compulsion of taxation. And nineteen hundred years ago the world was shaken to its foundation and changed for all time by the proclamation of the truth that salvation cannot be by the law.

To Toryism, indeed, more than to any other school of political thought, "totalitarianism" is, in principle, fundamentally repugnant. Dualism is of the essence of its creed, a dualism enshrined in the old phrase "Church and State." It finds the motive force of human progress, not in the compulsory authority of the State, but in the individual's conscience and sense of duty. It is the individual human heart that is shaken by the wind of the Spirit. That wind can, no doubt, blow on governments, but only indirectly, and it can never blow through them. It blows through the "natural" society of the family, through the voluntary associations in which men band themselves together for mutual help and instruction, through organs of spiritual authority unarmed with any weapon of compulsion. Many of the

greatest crimes and the greatest failures of history have been due to the attempt to realise the highest human ideals through political authority. Those who had any direct experience of the peace-making of 1918 know that its errors were due, not to political cynicism, but to a sort of spiritual pride—to the ambition, not to make a reasonable settlement and to appease the passions of war, but to translate the ideal of “the war to end war” into purely political terms.

Such a degradation of ideals is the characteristic vice of all totalitarianism. “The essence of liberty,” says a recent English Fascist publication, “is freedom to enjoy some of the fruits of life, a reasonable standard of life, a decent house, good wages, reasonable hours of leisure, unmolested private happiness with wife, children and friends, and, finally, the hope of material success to set the seal on private ambition.” Such benefits may, indeed, at least arguably, be secured to mankind by the authority of the State under the compulsion of law, but, if the State sets about that task in the belief that these material comforts are, indeed, the “essence” of liberty and that freedom of thought and association can be lightly sacrificed to gain them, then such a policy must destroy the secret reserve of spiritual power which, manifested in individual men and in voluntary associations of men, has over and over

again throughout history changed and re-made human society, and in which lies the only real hope of human redemption.

This dualism, this belief in a *civitas dei* distinct from the political State, is the essential strength of Toryism, but it is also the reason why its political action seems often to be so unsatisfying. It will always remain true that the Tory will look outside politics for the fulfilment of many of his highest ideals. In ordinary times of settled conditions and peaceful social evolution, he will consequently tend to show an excessive caution and self-restraint. He may be profoundly dissatisfied with the nature of the conditions or the course of the evolution, but he will doubt his authority to intervene by force, and, therefore, the effectiveness of any such intervention.

Moreover, at such times his political self-restraint fits in only too comfortably with the smugness of "vested interests," and his party tends to accumulate a dead weight of pure selfishness. The Tory's respect for the "rights of property," for instance, is derived from his sense of the vital importance of property as the foundation of "status." He wishes to widen its distribution, but to redistribute property by force is to deny the individual's *right* to property as against the arbitrary action of governments, and therefore to cut at the root of his whole policy. That

was the fundamental blunder of the enclosures of the eighteenth century, but the blunder cannot be remedied by repeating it. This is a coherent conception of social welfare, but it is too easily translated, in the practice of party politics, into a mere desire by the "haves" to hold what they possess against the "have-nots." Similarly, the Tory's faith in the individual human spirit is too easily degraded into a selfish worship of "private enterprise."

But as against this, in days of crisis, whether of war, rebellion or economic collapse, Tory principles sanction, and indeed require, an exercise of leadership and of compulsory authority more far-reaching than the principles of any other school of thought. The Tory's distinctive passion for the maintenance of order is based on his belief that it is the highest function of the State, by maintaining order, to give free course to the creative powers of the individual human spirit. When, therefore, order is threatened by attack from without, it must be maintained at any cost of temporary interference with the individual's freedom or property rights; and when an existing order is collapsing from internal weakness it must be modified as drastically as may be necessary for its restoration in an enduring form. This is the character of the days in which we live. To-day, in many branches of

industry at least, it is no longer a question of transferring property but of re-creating it. Family life and individual freedom have not merely to be protected, but restored. In such times, conservatism means, not only reform, but reconstruction. There is much to be said for the view that the great opportunities of Toryism come rarely; but, of all opportunities which have ever been offered to it, the present is the greatest, and, if it fails to seize it, no other party and no coalition of parties can take its place.

#### IV

These considerations as to the character of conservative principles may be illustrated by a glance at conservative policy in education. To a social reformer of the last thirty years, one of the most unsatisfactory features of Disraelian conservatism was its apparent slowness to realise the importance of popular education. As we have suggested, one of the great arguments for the more primitive social order, beloved by early Tory intellectuals, is that it provided a better basis for equality of opportunity than the class system of the industrial revolution. Yet, at first sight, conservatism may appear to have had no active educational policy throughout the nine-



teenth century. By chance, the final establishment of free education fell to a conservative government, but it was not till the great Act of 1902 that the conservative party assumed the leadership in educational reform.

The explanation lies, of course, in the fact, not that Toryism did not care for education, but that it distrusted the State as the agent of education. Nor was this distrust unjustified. Here is an activity which touches the very nerve centres of the creative spirit and of all the natural and voluntary associations in which it is nurtured and expressed. Throughout Europe and America to-day, the universal complaint is that State education has in fact deadened those nerve centres. In that complaint lies the key to many of the impulses of Fascism. If we in England and Scotland have, in some degree, escaped the worst forms of this disease, we owe it largely to men of conservative mind who, during the crucial years of the nineteenth century, expended their educational energies, not in legislation, but in the voluntary school movement, and to a later generation who have been the leaders of those volunteer "youth movements," like the Boy Scouts, in which, exaggerated and perverted, a distracted Europe is now seeking a remedy for the dead formalism of their school systems. It was by no chance that conservatism took up the leadership in educa-

tional reform in 1902 at the point where it became necessary to reconcile State schools and voluntary schools in one system of education, extending from the infant school to the university. It was by no chance that a more recent conservative government launched the policy of splitting up the often aimless uniformity of the upper classes of the elementary school into a new variety of senior schools, as closely associated with institutions of technical education as the secondary school has been associated with the universities.

Nor is it by any chance that conservatism has shown comparatively little interest in rounding off this new senior school system by raising the school-leaving age to fifteen. Not only is the conservative reluctant, in principle, to extend the scope of compulsion over the individual, especially in the region of the family; but he is also inclined to see in this ambition for a rounded school course the repetition of an old mistake, the mistake of attempting to make the school a substitute for life. But at this point the threatened collapse of the existing economic system is now giving a new direction to conservative policy, which opens out prospects far wider than any mere extension of full-time schooling.

It has been the great strength of British education that it has always been deliberately con-

ceived, not as a substitute, but as a preparation, for life. It has been frankly vocational in its aim because a man's profession is an essential part of his life; it has never been vocational in method because a man's profession is only a part, and not the most important part, of his life, and because his very professional efficiency depends upon the depth and scope of his non-professional thinking and feeling. It has not taught patriotism as a dogma, but has inculcated it by the practice of school loyalties, because it is by such practice that a man learns in life the real meaning of his political allegiance. It has taught religion, not as an adjunct to school discipline, but because religion is a vital part of life. But this tradition of realism in education has been threatened in recent years by three tendencies: by stringent bye-laws against employment out of school hours which, originally directed against child labour in factories, have excluded even the rural child from practical contact with agricultural occupations; by a system of school examinations which have tended to make school courses an end in themselves instead of a gradual introduction to practical life; and by substituting a fixed statutory school-leaving age for the moment of actual entry into employment as the terminal point of full-time education. On a school system thus weakened in its essential links with practical life

has come the crushing impact of the economic collapse. The school-leaver, protected from contact with economic life in the school, makes his first contact with it in unemployment, or casual employment, or blind-alley jobs.

The urgent need of the present day is to control the entry of juveniles into employment, to make the termination of full-time schooling coincide with that entry, to modify or eliminate all regulations or examinations which are obstacles rather than aids to that transition, and to ensure that the first years of employment shall be treated as years of training and continued education. This policy involves, first of all not a merely educational, but an industrial reform: the imposition on organised industries of a statutory duty to formulate their schemes of recruitment and training, or, in other words, a revival in a new form of the idea of apprenticeship as the path to a definite professional status. It involves, in the second place, an extension of compulsory full-time school attendance, not to some fixed and unalterable point dictated by the requirements of school courses, but to points corresponding with the various approved recruitment schemes of industries. It means, thirdly, a new co-operation between the State and industry in the establishment of a system of part-time education, designed to assist the gradual transi-

tion from full-time school to full-time employment and to combine a continuation of general education with the training of industrial skill. It means, finally, the encouragement during full-time school life of every contact with practical, including occupational, life outside the school which does not endanger health or unduly interfere with school work; together with a steady attempt to limit the scope, and restrict the significance, of purely school examinations.

This is surely a good example of the nature of Tory radicalism. Out of an attitude, in normal times, of self-restraint, reluctance to use force and distrust of tidy schemes, emerges, in a time of crisis, a policy more drastic and comprehensive than that of orthodox reformers. It is more drastic for two main reasons. While to the professed reformer the "progress" which has been achieved in any given field of reform during the past half-century is often an idol which he feels bound to worship without question, the conservative has no such prepossessions. He can see, not only the original evil still awaiting its cure, but also the weaknesses or the positive dangers of the orthodox regimen to which the patient has hitherto been subjected. And in the second place, the conservative instinctively looks at society as a whole, and knows that fundamental reform can only be effected by the treatment of society as a

whole. Thus in his educational policy he aims at combining in one coherent scheme the remodelling of industry, the creation of a new status for the individual, and the broadening of the basis of education.

But perhaps the most distinctive quality of conservative reform, as evidenced by this example, is to be found, not in its aims or in its scope, but in its method. Its method is *mobilisation*. It seeks to cure and change the body politic by rousing and concentrating all the forces of health which are latent within that body itself. If any organ in the body is failing to make its full potential contribution to the health of the whole, the remedy must first be sought, not in some surgical operation of short-circuiting or even amputation, coupled with the substitution of tubes or artificial limbs, but in the removal of the inhibition. In our educational example, one of the chief weaknesses of the body politic is the dislike manifested by many of the most enlightened industrialists, who are really keen on education, for any organised system of part-time education and part-time employment. The problems of internal factory organisation which such a system must create are many and serious; yet unless they can be solved, unless the inhibition can be removed, no thorough educational reform is possible. There is one obvious way of removing the inhibition:

the five-day working week, during which the employed juvenile would receive his specific craft training in the factory, with a universal system of Saturday morning continuation classes. This idea needs careful testing before it is put into practice, but in many, if not in most, industries Saturday closing might well be found to have positive advantages in reducing "terminal" costs, and again educational reform would be merged in a larger reform of occupational life, a reform which would be organic because it would be economic.

In this method of mobilisation lies the key to conservative policy in other fields of "social reform." In housing and town planning, for instance, to give one further example, the problem which awaits solution lies not merely, or even mainly, in the original blunders and crimes perpetrated by a hectic industrialism, but in the growing atrophy of one essential organ in the body politic: the organ called the private investor. Experience has shown that this organ cannot be artificially replaced by the local authority as the sole and universal house-owner. Apart from the folly of attempting to deal with so vast a social problem through one official instrument, the weakness of this socialist solution is indicated by the recent emergence at Leeds of a means test for tenants of municipal houses. The significance of

that development lies in the very fact that it is a justifiable and necessary measure in the circumstances. It thus reveals the inherent insecurity of the individual who becomes dependent upon the good-will of a public authority, the constitutional inability of any public administrator to confer real status on the individual. But experience has shown, too, that a healthy revival of private investment in the cheaper types of house and in urban sites is impossible unless new channels can be provided for it. Deterioration has gone too far; the working man who put his savings into a few houses has given place to the exploiter of slum property; the big planning landlord to impersonal trusts like the Ecclesiastical Commissioners, formed for other purposes, or to a multitude of small owners. This is the true significance of the scheme for a Housing Corporation, and of other schemes, recently propounded in connection with it, for statutory combinations of small urban property owners, formed for the specific purpose of better management and planning. It is a pity that this fact has been obscured by some vague advocates of a Housing Corporation, who seem to envisage such a Corporation as a new sort of super-public-administrator, substituted for the Ministry of Health and the local authority. The truth is that the key to most of the doors of the housing



problem is the one which the building societies have forged for one door: the reconciliation of individual investment and interest in house ownership with corporate organisation and management.

And, here again, the mobilisation of the latent forces of the body politic to remedy a specific weakness may effect a more far-reaching change in the body as a whole. The mobilisation of private investment and private interest for a task of social reconstruction at home follows, in fact, what, in an earlier paragraph, we called the contours of the country and has its counterpart in a tendency towards a transfer of ownership in other forms of property. It is one of the paradoxes of the nineteenth-century industrial system that, by the offer of large profits, it attracted private investment into precisely those enterprises of foreign trade and overseas development where the individual investor can exercise the least control over what is nominally his property and where, in consequence, his interest is most purely that of maximum profits in the shortest time. Such trading investments, ephemeral in themselves, have been rendered more ephemeral by this emphasis on quick returns, and, now that the equities in whole blocks of these enterprises have been almost wiped out, the shareholders' nominal ownership tends to act merely as a brake on neces-

sary reconstruction. The savings resulting from the recent rise in middle-class standards of living are already flowing strongly into a more intimate kind of home investment, or, in default of such investments, into government securities. Here is a natural force awaiting mobilisation. Here, too, may be an opportunity for giving to the worker in organised industry a new property right in the assets and the profits of the concern in which he works, in place of the equities which have been destroyed by the new economic revolution. His property may not give him direct control over management, for economic management is a distinct function which cannot be squeezed into the forms of political democracy. But his property will be under his own eyes, he will have the sense of developing it by his own work, and such a change in the ownership of industry will surely remobilise, in its turn, a volume of initiative, skill and energy in the propertied worker which neither the irresponsible shareholder nor the propertyless wage-earner could be expected to contribute to the processes of production and exchange.

## V

This conception of the mobilisation of the varied interests, energies and abilities of a whole

nation has, indeed, always been the dominant note of Toryism and Conservatism; and it must be struck more surely and strongly in the new conservative policy, as the needs of fundamental reconstruction become more pressing. But, in conclusion, let it be realised what this note really is. The conception of mobilisation does not imply mere abstract confidence in the powers of individual initiative, still less any Manchester School faith in the infallibility of the individual's "enlightened self-interest." It implies a reasoned assurance that the forces to be mobilised are already in actual existence. The whole attitude of the English or Scottish conservative is based upon his knowledge of his countrymen, his profound belief in their character and in the essential soundness of the community life which they have evolved in this island through centuries of gradual development. British conservatism is, in fact, not so much a general attitude towards political science as a particular attitude towards the needs and capacities of Britain.

This is the secret of the conservative's traditional emphasis on the maintenance of the British constitution. His very defence of the principle of a limited monarchy, based though it is on those primordial beliefs of western civilisation to which we have already referred, is the defence, not of an abstract dogma, but of a distinctive British

achievement, tested and confirmed by British experience. Here is a nation where the parliamentary system has been reconciled with the maintenance, not merely of a nominal monarchy, but of a strong executive of which the monarch is the significant and indispensable symbol. The conservative cares little for forms of parliamentary procedure or for formal doctrines of Cabinet responsibility; to him the essence of the constitution is the balance between a strong executive and effective popular criticism, a balance which has been secured only in this country, and only by the expedients of a representative Parliament and a responsible Ministry. And this balance at the centre of government is but the product of a similar balance achieved in every phase of social life: the balance between government authority, dominant and unquestioned, and free voluntary service constantly mobilising itself afresh for public needs, co-operating with government at a thousand points, but free to choose its own aims and direct its own motions. To the conservative, continental totalitarianism is, at best, an attempt to achieve, by one sudden and hectic effort, the mobilisation which his countrymen have been steadily achieving in the course of centuries, and especially in the last hundred years, by the maintenance of their fundamental tradition of dualism. For such

Fascist movements abroad he must, from this point of view, feel considerable sympathy, however much he may dislike some of their manifestations; but he knows that any attempt to reproduce them at home would result in the drying up of a thousand existing springs of enthusiasm and public spirit.

More, he knows that if the balance is to be preserved, it must be constantly redressed from generation to generation, and that the scale which needs to be re-weighted in Britain to-day is not the scale of authority, but the scale of individual initiative. Loyalty to authority is not seriously in doubt; what is in doubt is varied response to general leadership. Social reconstruction may well require at this moment an unprecedented exercise of central authority, but the aim of its exercise must be, not to establish a new permanent system of government regulation, but to open a new era of individual emancipation. If Parliament has been losing prestige in recent years, it is because it has mirrored too faithfully a characteristic British defect of a characteristic British quality. The ideal of loyalty, when translated into terms of "team-play," has a tendency to degenerate into acceptance of leadership on the tacit understanding that leadership shall be exercised only within the familiar rules of the game. Thus great majorities in the House of

Commons threaten, by their very unity, to discourage originality in the Cabinets they support, the mass membership of trade unions to stifle industrial statesmanship, the national organisation of voluntary movements to substitute policies drawn up by central committees for the creative activity of local associations.

In such times we may well remind ourselves of what nation we are—a nation whose strongest and most unregulated outbursts of freedom have been constantly transmuted into firmer association and more ordered loyalties. We are suffering to-day because in the last hundred years or more this nation has used its freedom too exclusively in the pursuit of an ephemeral purpose, the accumulation of wealth based on one particular form of credit, the credit created by the fallacious assumption of an indefinite expansion of international trade. Now that this assumption is fading, and with it the credit and the wealth which it had created, many of the associations and loyalties into which freedom had transmuted itself during this phase of our national life have become encumbrances, hindering the growth of a new freedom directed to more enduring aims. Yet, through all this period of misdirected energy, we have not only preserved, but have developed, much that other nations have lost. If our genius for voluntary association for the public welfare

failed to keep pace with the sudden social changes of the industrial revolution, it has reasserted itself increasingly to correct the initial crimes of that revolution; if unthinking freedom has disfigured the most beautiful sites in this island with houses meaner and dirtier than the slag-heaps that surround them, we have not been driven to rely for reform exclusively on official building bye-laws and slum clearance schemes. Above all, through a sounder education, a better provision for the public health, an industrial organisation offering a freer career to practical ability, a system of government more responsible and less dominated by party machines, than are enjoyed by any other nation, we have preserved the adaptability of our people and kept alive their capacity to make use of new freedom. Moreover, this spirit is no longer confined to this island but has formed in North America, in Australasia, in South Africa, and at a hundred smaller points on the globe, new societies whose many differences only emphasise their spiritual kinship, and their cultural distinctness from the other national societies that surround them. It is for us now to give that kinship and that distinctness new life and meaning, to release this capacity for freedom in our people, and thus to demonstrate afresh to the world that mankind is not bound to the dark alternatives of dictatorship or anarchy. For if

CONSERVATIVE ATTITUDE AND SOCIAL POLICY 41

twenty years ago the British Empire strove, perhaps in vain, to save the nations by its arms, it may yet save them by its example.



# ECONOMICS

By W. S. MORRISON, K.C., M.C., M.P.

## I

IF political economy were all that some of its addicts claim for it, there would be no room for this article in a volume whose purpose is to set out a Conservative point of view. If economics were a science—even “the dismal science”—there could be no such thing as a Conservative view of economics, any more than there is a Conservative view of chemistry. That it is no such thing, is shown by the argument about what are called its “conclusions.” There is not the same dispute, for example, about the amounts of chlorine and sodium in a given weight of common salt, as exists about free trade and protection. The chemist can predict the reactions of the various salts of gold with an accuracy not attainable by the economist about the gold standard.

Politicians until recently accepted the general view that economics was a branch of study that could well be left to the experts. These wise men, it was thought, had arrived at a body of

specialised knowledge on which there was such general agreement among themselves that one could take the conclusions from them with confidence, without examining the steps by which they were attained. It needed only the recent temporary dislocation of commerce and finance to show that this was an unfounded faith. Instead of a chorus of counsel there was a babel. Not only did eminent men disagree with each other; the most eminent disagreed with themselves, and the more eminent they were the greater their fertility in mutually destructive hypotheses. Inflation and deflation were old friends but "reflation" was a strange word to which one had also to become accustomed.

The first reaction of the Conservative mind to all this noise was a feeling that it should have been expected. The intrusion of economics among the sciences has always been grudgingly accepted by Conservatives. The attempt of economists to dictate policy has caused much misgiving and rancour. This people is very suspicious of any meddling with its politics by non-political people. The Church came into conflict with this sentiment and the economist cannot hope to fare better than the Church. The long rearguard action of Conservatives against the triumphant exponents of the Manchester School was no doubt fraught with self-interest like most

human actions but, after all, it is a mistake to imagine that coherency can be given to the political actions of great sections of the community by self-interest alone. The feeling of the most rustic squire who voted against Cobden had deeper roots. As articulated to his friends it took the shape of saying that the gentleman in broadcloth strutted too much. Behind it was the sense that economics are not politics; that the great art of government was not to be tested by exports of manufactured goods; that Englishmen had made this realm of England without the aid of the economists and that its continuance depended upon men living together with a common tradition and in a certain neighbourly spirit which the creation of factory-towns threatened to destroy.

Alas, the rearguard action, despite many gallant feats of arms, was powerless to do more than mitigate the advance. Landlords soon discovered that the new economic theory held much of pecuniary advantage to themselves in royalties and rents. A theory which promised so much wealth to all sections must be all-sufficing. The economist came into more than his own. It has taken us a great war, a crisis and certain still-continuing rumbles to get a proper view of him. The plain fact is that man is not wholly or even primarily an economic creature. He refuses to

march to that goose-step. He has all sorts of other preoccupations. There is a glory in civilisation quite apart from its power to feed and clothe great numbers of men, a glory which will not shine at all if the spirit of man is fobbed off with Dutch condensed skimmed milk, Polish trousers, and Japanese socks, be these useful commodities ever so plentiful and cheap.

The first point, therefore, in the Conservative view of economics is a realisation of the proper and limited sphere of that study in relation to politics as a whole. There is still room for those who point out that economics are, and must ever be, subordinate to politics. The economist and the financier are fond of abusing the politician, but it is due to the politician alone that they exist and thus enjoy the possibility of doing so. They take for granted such familiar phenomena as freedom, public order and the security of property, on which their whole activities are founded, forgetting that these things are due to the labours of politicians in their day and generation, and that an error in politics on the part of modern politicians might render the wisest words of economists and financiers as *à propos* as a lecture on relativity to the eager followers of Attila.

- This does not mean that the politician should relax his efforts to become acquainted with what

the economist and statistician has to tell him. But his attention should be more particularly riveted on the facts from which the conclusions are induced rather than upon the conclusions themselves. Carlyle's "crabbed satirist" would find much in recent happenings and pronouncements to justify his opinion: "a judicious man," says he, "looks at statistics, not to get knowledge but to save himself from having ignorance foisted upon him." The traps which statistics hold for the unwary are well known. The wider the field they cover, and hence the more informative they appear from this cause, the more must their apparent conclusions be received with suspicion. Figures of the things which are happening at the present time are only useful in so far as the mind receiving them has some idea as to, firstly, why these things are happening; secondly, whether they are likely to go on happening and, most importantly, whether they ought to happen at all. It has been the fashion for sociological writers and speakers in the last fifty years to approach the problems of society from a standpoint which is too superficially deterministic. Compiling with great and praiseworthy industry vast tables of figures illustrative of the activities of humanity, they have induced what are called "tendencies" or "trends" and given to these airy nothings, not only a local habitation and a name, but some-

thing of the irresistible compelling power of demiurges. The error comes from the fact that statistics cover fifty years or so whereas the life of the nation, not to speak of the long story of the human race, covers a much longer period. Thus we were told at the beginning of this century of the "tendency"—borne out by figures—of the population of England to move North of the Trent. Much false politics flowed from the idea that it was to what are now described as "derelict areas," and to the work there carried on, that we must forever look for homes and work for our people. Similarly the last half of the previous century gave many a triumphant Liberal cause to believe that the "tendency" towards democratic government, all over the world, was an enduring force rather than a generalisation culled from a brief episode. The mistake is as if one were to choose the site for a city to be a port for mariners, without ascertaining whether the blue water were indeed an arm of the sea, or only a shallow estuary where the tide ebbs and flows twice in the twenty-four hours.

It is with rustic caution, inspired by considerations like these, that the Conservative approaches economic problems. At their very highest they are subordinate to political problems. "Is not the life more than meat?"

The course of our country's economic develop-

ment in the century immediately behind us fills the present time with many perplexities. It has given us a huge urban population trained in manufactures for which purchasers are lacking. It has depopulated a countryside which could support many more purchasers of these manufactures. It has imbued the minds of our people with a habit of thought which is urban and financial in its standards of good and evil. Producers have been for the most part unorganised, suspicious of their neighbours and competitors, powerless from this division until recently to make the course of politics respond at all to the desires of men as producers. Their desires as consumers have been alone considered, and it was only when this neglect of the producing desire recently threatened the desires of men as consumers that tardy action has been taken. Most of us at an early age learned the wisdom of *Æsop*: that the hands could not get on without the belly, but *Æsop* was teaching a lesson which he thought recondite and worthy of a fable. No doubt he thought the converse of that lesson, the fact that the belly cannot get on without the hands, too obvious to waste words over. The thought that an ordinary man could be content with being a mere belly, that he would not continue to struggle frantically against a polity which condemned him to that degradation, was one which

certainly could not occur to him, or to anyone but an economist.

Foreign trade has been an important feature of our economy for centuries. Until the end of the eighteenth century, however, it was not regarded as a consideration which must outweigh all others. Our early monarchs kept a watchful eye upon it, stimulated the export of commodities which we could furnish without deprivation, limited the importation of commodities which we could produce ourselves, and consciously endeavoured to direct foreign trade into those channels which seemed best to further the public interest. It was not until the end of the eighteenth century that foreign trade became confused with the public interest, became promoted from a means into an end. Even so, it took seventy years of argument to convince people that the transposition of ideas was not a dangerous delusion, and some of us are not yet so convinced.

In the last quarter of the nineteenth century trouble began to appear. Germany and America entered into the field as powerful competitors in manufacturing. It seemed as if the monopoly were being seriously infringed. Goods manufactured in foreign countries began to intrude, almost sacrilegiously, into the workshop of the world. With that great capacity for adjusting



themselves to changing conditions which is nationally characteristic, the nation took steps to meet the challenge. The export of manufactured goods alone would not suffice to nourish the inhabitants of a country with an agriculture relegated to extinction. The problem was how to place the real food-growers under an obligation to transport food to the men who no longer had the monopoly of supplying them with manufactures. The answer was found by the City of London. An immense system came into being. The capital savings of the people were lent abroad, in the confident expectation of a perpetual yield of interest from those thus laid under tribute. Vast sums of wealth were poured out upon the United States of America, the republics of South America, the colonial possessions and foreign nations. For a long time the interest was in the main punctually paid. The fact that it was largely paid out of fresh borrowings did not appear until comparatively recent times. Defalcations, bankruptcies, repudiations there were, but no one troubled much about them. They affected individuals only and those so affected merely passed beneath the notice of the community. The smart men, who had not put all their eggs in one basket, rose in the estimation of their fellows. They purchased estates paid for largely by unsuccessful lenders of their own nationality.

They spent money on servants, carriages, shooting estates, fox-hunting and other amenities which spread this oddly acquired wealth over an impoverished country, unable to feed its own mouths and increasingly unable to employ its own artisans in manufactures. This inability was largely due to the competition of nations which were financed by British capital but which used that capital with no thought of using it for exclusively British interests.

It is noteworthy that it was not until this stage had been reached that the system came in for severe criticism. So long as agriculture alone suffered, and manufactures flourished, no effective voice was raised in disapproval. But when manufacturers themselves began to suffer for the prosperity of those who lent money to foreign countries there was a reaction of a formidable character. Mr. Joseph Chamberlain was a manufacturer and the Tariff Reform campaign was based on Birmingham.

To-day, the markets of Europe, America and Asia are increasingly closed against our manufactures. Our business community has adjusted itself to that position. Our government by imposing duties on imports has been able to make agreements with certain countries which enable a good deal of exporting to continue. But the lender, who supplanted the manufacturer, is more

dubious than the manufacturer was as to the consequence of a tariff policy. He fears that, unless we continue to buy from foreign countries, his interest and dividends will be put in jeopardy.

He differs from the manufacturer in this: the manufacturer supplies commodities which by the skill of their adaptation to human needs and their cheapness have something intrinsic to differentiate them from competing commodities. The lender supplies money only—and gold is the same thing the world over. Gold from London is not different from gold from anywhere else. There is nothing national or characteristic about it. The lender of money to foreign nations is not interested as such in home production of either manufactures or agricultural products. His interest in fact is against it. His desire is that imports should increase so that the foreign exporter should be able to pay the interest on the due date.

Now, if foreign conditions were uniformly stable, if it were in accordance with reality that a great nation could survive on usury, we might comfortably settle down to live on the interest of our foreign loans. The tribute, when received in this country, could be distributed among those whose professions, trades and crafts most closely ministered to the desires of the lenders. But neither of these conditions is true in fact. Politics

govern economics abroad as at home. The burden of interest is one which no people has ever tolerated for very long. The British investor in foreign loans has lost far more than he has gained. Apart from failure, repudiation, defalcations and the like, currencies have been manipulated with the sole object of lessening the burden of debt service and, in general, it may be said that perpetual usury is intolerable to human nature and its burden is got rid of all over the world by fair means or foul.

The Conservative then, looking to the future, sees no permanent foundation for the prosperity of the people either in the export of manufactures on our old scale to foreign nations or in the lending to them of money. This does not mean that these activities must cease forthwith. To say so would be to fall into the error of those doctrinaire politicians who are suspect creatures from the very mode of their mental processes. As politics govern economics, so does population govern politics. The people of a State is the raw material, which must be used in any true political enterprise, which cannot be ignored without false work and humbug. The population of this country exists as a fact. Large groups of it have being only in so far as the policy of exporting coal and manufactured goods can be continued. A smaller section exists on the interest paid by foreign debtors.

All these people are in that position through no fault of their own. They are not conscious participants in the strangulation of agriculture. They are in no way to blame. Their title to all the advantages of British citizenship is as indefeasible as that of the pet section of any school of politicians. Among these advantages are those of being protected, so far as human care can contrive, from penury or distress.

Thus, the economics of the present appear to have two objects if they are to be guided wisely. One object is distant and the other near. There is both a strategical and a tactical objective. The strategical objective is an organisation of society which will prove sufficient to nurture our people, and to maintain its island culture if both exports and loans to foreign countries prove insufficient to supply food. The tactical objective is to mitigate the fury of world conditions so that, if that event is to happen, the transition shall be accompanied with as little dislocation as possible. The transition must be accepted as almost certain. The questions to which economic thought should be directed are, first, whether the event catches us prepared or unprepared and, secondly, how we can prepare for the new conditions without causing suffering to worthy and innocent people.

In trying to solve this double problem we have to disabuse our minds of much that has been

taught us. It is clear that an economic theory based upon nineteenth-century conditions cannot be all-sufficient for those of the twentieth, when world trade is a factor of ever-declining importance. For this generation we may well continue a vast export trade. We have advantages in accumulated experience, in craftsmanship and in sheer momentum which, with proper exploitation, will carry us far. But now is the time to prepare an alternative basis of subsistence. And in seeking that alternative basis, the Conservative mind turns inevitably to the neglected agriculture of this island.

A sign which used to flourish over some of the inns of Merrie England was called "The five alls." There were depicted the King who ruled all, the Priest who prayed for all, the Lawyer who pled for all, the Soldier who fought for all and the Farmer who fed all. The thirsty wayfarer as he entered was by these rude symbols bidden to meditate on a profound economic truth. The provision of an adequate supply of food is the basis of all culture and civilization. The King, the Priest, the Lawyer, the Soldier faint and grow weary where there is no food. But we are a large people in a small island and at present we can feed our people for about one month out of the twelve. It seems a hopeless task to attempt to raise supplies adequate to so many mouths. But

if the peculiar virtues of this island are considered, the problem takes on a new light. It is a most fertile place, where food grows despite all efforts to discourage it. Even now, in spite of the industrial revolution, in spite of square miles of asphalt and cobble imprisoning the kindly soil, agriculture employs more people than does any other industry. The value of the product of island agriculture is higher than the value of the agriculture of any other part of the Empire consumed in this country year by year. The capacity for food-raising in these islands is immensely beyond anything contemplated. It is a powerful spring depressed by a century of economic anarchy and its rebound has already proved startling, with the first hints of a more ordered and simpler mode of national existence.

This is not a question of preferring one of two modes of national economy, the industrial or the agricultural. It is a question of facts as they are. At the moment, in spite of an immense improvement, the economic system based on exports of manufactures and capital has landed us with an apparently irreducible minimum of two millions of unemployed. These subsist meagrely on what is taken from their more fortunate fellow-citizens, but they subsist in comparative misery. Outlet for their energies cannot be found in a shrinking volume of world trade. Nor can the foreign

lender with his heavy losses employ them decently in catering for his restless amenities. For these men there remains no resource but the soil of their own country.

The most important economic problem which faces the modern politician is how to get more people out of the false environment in which they have been placed and back against a true background of food-raising for themselves. In methods of accomplishing this end there is the inevitable clash of methods sponsored by the different political parties. The Liberal and the Socialist join with the Conservative in agreeing that the end of land-settlement is desirable and even essential. But agreement upon ends to be attained is so common as to be meaningless and monotonous. It is the means to be adopted that is the fountain of disagreement. Broadly speaking, the contrasted views are these. The Liberal and Socialist parties advocate the conscious expenditure of public money, raised from taxes and rates in equipping small holdings and establishing men on the land. To the Conservative these schemes, while he applauds their object, have the fatal deficiency that they provide no guarantee that the small-holders will be able to stay on the land on which they have been thus expensively established. The problem of the moment is to enable those now on the land to



remain there without going bankrupt. If conditions can be established in which agriculture is even moderately prosperous, there will be a spontaneous rush back to the land of a people disillusioned, and anxious to escape from the rococo palaces of industrialism. Such a rush will require marshalling and direction to avoid waste, but it will not need any prime mover other than the old desire of normal men for independence and useful activity.

This is, of course, a long-range view. We have, as a present economic problem, to deal with a community which still bases its hopes upon foreign trade and foreign lending, and for a generation at least, these activities must continue to employ a great part of our people. Probably for as long as we can foresee, we shall be the greatest exporting nation so long as there is any world trade at all. Certain other forms of service which we render to the world may never decline at all in importance and power to remunerate those of our citizens who engage in them. If we can overcome the artificial attack of subsidised foreign shipping, there seems no reason why our mercantile marine should not continue to carry the greater part of the world's trade. Our island is situated in the centre of the greater land surfaces of the globe. We have the tradition and skill of the sea and an unequalled knowledge of the world's

havens. Similarly, our insurance services, based upon a proud record of paying up in face of the worst catastrophes, have earned themselves a position based upon character which is something real. The immense, honest, supple and sensitive organisation of our discount houses and banks supplies something unique, and therefore something worth paying for, to the world. These are things founded upon national attributes and therefore likely to endure, so long as the national character and the political constitution which is its embodiment endure. But there is nothing specifically characteristic of our people either in lending money abroad or in exporting manufactures. We have seen lately on what slender foundations rest the hopes of those who lend capital to foreign peoples. We have seen ourselves undersold in manufactures by a people which fifty years ago was mediæval in temper and equipment. These are the weak spots in our economic armour, against which it is necessary to take thought if those who come after us are to be spared violent dislocation.

Such is the force of habit that people do not readily acknowledge the necessity for change. The holder of a foreign security, so long as the dividends are promptly paid, thinks ill of any system of economic thought which throws doubt upon the validity of his holding. He forgets the

total extinguishment of Russian pre-war obligations, the losses caused by the French devaluation, the immense sums repudiated by some of the United States and their municipalities and the present, compared to the nominal, value of our South American investments. He fails to connect the taxation which he has to pay because of unemployment with the loan which equipped the nation whose competition is a major cause of that unemployment. He does not count the heavy insurance premium in the way of naval armaments which must be paid by any sensible island nation with a starved agriculture.

Neglect of these considerations produces in the mind of the British lender to foreign countries a feeling of suspicion with regard to attempts to put British agriculture on its feet. Each new restriction of imports of food from abroad seems to him an attack upon the power of his debtor to pay his interest on the due date. But in reality experience has shown that these loans are beset by so many factors of uncertainty, wastage and loss that the attempt to restore agriculture in this country makes no appreciable addition to these factors. On the other hand, a revived agriculture and a populated countryside would be a permanent gain of an immense kind.

Capital sunk in an agriculture so re-established

would be free from the uncertainty of the loan made "in foreign parts." The produce of our own soil could make a much greater addition to the annual income of the nation than could any predictable future foreign investment. The population which could be established upon the land would provide a market for our manufacturers which could be secured to them. The sad drift to the towns could be arrested and with it the deterioration in standards of good and evil. There would be hope for the unemployed for whom there is, on the old way of disorder, none. These are things of substance for which we might well give up the shadowy gains of foreign investment as a national policy.

Therefore, in tracing the road back, we have first of all to retrace the steps most recently taken. Foreign investment, as it was the most recent manifestation of economic anarchy, must be the first to be controlled into subservience to the national interest. The recent recovery of trade and industry has been due to many factors, but among them is to be counted the embargo placed on indiscriminate loans abroad. Only in the rare cases where it can be shown that capital can more usefully, from the national point of view, be employed abroad than at home, should foreign investment be permitted. Certainly, in any evaluation of national interests, those of agricul-

ture are far paramount to those of foreign investment.

## II

There remains still the problem of three-quarters of our people which is the problem of industry carried on in cities and towns. The evil influences which afflict the prosperity of our industrial community are many, but these three seem to be among the chief: the loss of foreign markets due to the refusal of foreign governments to allow their own people to be put out of work by the free entry of British goods; the loss of our home market due to the opposite attitude on the part of successive past British governments; the advent of the modern machine. It is worth noticing in the first place that these influences are judged evil, not so much from their effect on national wealth as from their effect upon national employment. As politics govern economics, so does the problem of unemployment govern politics at home and abroad. In spite of the economists, nowhere in the world is there to be found a people which is satisfied with a mere addition to the national income if the policy on which that addition is founded condemns a large part of the people to unemployment. There is

something here worth much thought. It is easy to see the economic advantage of lower tariffs in the United States of America or in France. There are some things which we could do for these nations better than they could do them for themselves. In return for being allowed to do them, we might consume more of the goods which they produce. But they will not have it so, and now, after a long suffering, we also will not have it so. Every nation, in fact, prefers the economy which keeps most of its people in work to the economy which makes the largest aggregate addition to the national income.

From an economic point of view this may appear to be mere human stupidity; from the metaphysical point of view the attitude is wiser than the merely economical. It is long since Aristotle defined pleasure as the activity of a part of man according to that part's nature and happiness as the activity of man according to his whole nature. But even those who are not metaphysicians have a shrewd idea that happiness is not passive, but active, and that the happiest community is that whose members are in the most constant state of voluntary activity. The idea that man's happiness consists in activity is one of the deep motives which makes nations prefer employment to wealth. But there is also a profound economic reason for that

choice. Employment in all its various kinds is not only the only known method of producing the world's wealth. It is also the only known method of distributing that wealth. One hears much to-day of a conception known as "the national dividend," but, in fact, no means of dividing up the nation's wealth has yet been discovered to work satisfactorily for long except the method of distributing it in profits, salaries and wages. The chief economic evil of unemployment to-day is not the harm it inflicts directly upon production, but the extent to which it is a breakdown in the normal method of distributing the nation's wealth. The ordinary man receives his dividend in wages. If he is out of work he does not receive it. Not only does he suffer, but the whole economic community suffers. If he does not receive his share, he is not playing his part in the economic circuit of production, distribution, consumption—and the consequent need for more production. Unemployment means a breakdown in distribution, hence a slackening in consuming power and a resulting damming back of the flood of production; then low prices, depreciating stocks and all the signs of that cumulative process known as a slump. It is really sound economic wisdom which makes nations prefer less wealth well-distributed to more wealth ill-distributed. "Money is like muck, of no use unless it be

spread." It is this aspect of employment, as the only socially feasible method of distributing the nation's wealth, and thus rendering continued production possible, which may shed some light on our difficulties.

Now to take what has already been done in the last three years to remedy our industrial troubles, the change-over to Protection is important, not only for its results but for the fact that it is a conscious effort to direct trade into more socially useful channels. The necessarily tentative and experimental use of the tariff has already improved the security of the home market, while it has helped to secure us an increasing share in a diminishing volume of world export trade. These two things have been done together and they have been done by political action. That is to say, they have been done by an intelligent interference with trade and industry. The real benefit which has come to hundreds of thousands of households has come primarily from the application, by recent advisers of the Crown, of the idea that the Crown has the duty, as well as the power and the right, to direct trade to the public advantage. This is a very old doctrine which was in danger of being lost when the economists denied it. Such was the power of sudden temporary wealth to unbalance the judgment. It is only by the continued application



of this rediscovered doctrine that we shall find a way out of our distresses.

The problem is one which the Conservative Party is pre-eminently suited to solve. The Socialist Party has been so long engaged in vituperating the existing social order that it has ceased to see it as it is. In fact the economic and political structure of England has achieved a marvel of material civilisation to which no past organisation of human society affords any parallel. Measured in terms of freedom from starvation and nakedness, in terms of personal liberty, of public security from violence and fraud, of freedom from corruption and oppression in high places and of rebellion and disloyalty in low, probably no political and economic achievement in human organisation stands as high. The Socialist is bound to deny all this and consequently to be a bad economist because he starts from a basis which is false. He fails to appreciate the extent to which the social and political framework is the foundation of all economic effort and also the extent to which private property and individual effort for personal improvement supply the motive power of the whole. There is, he tells us, nothing sacrosanct in private property, nothing intrinsically noble about the desire for personal improvement. One need not waste time in discussing whether he is right in his estimate

of these motives. Time presses, and it is sufficient to note that human beings, by universal experience of the species, are made in a certain way and that complaints as to their construction should be addressed elsewhere. The desire for private property is so common to mankind that those who in the Middle Ages renounced it in favour of a form of communal life under supernatural protection, which was in those days a relatively comfortable and secure life, were considered holy. The desire for personal improvement is also universal and has led men into the wildest efforts of sacrifice and public service. So recently has the Socialist faith been borrowed from Victorian Radicalism that it accepts a continuously wealthy community as a natural growth and never places mankind and his civilisation against the stark background of the world of nature. Against that background all sorts of things show up which are not seen otherwise. It becomes clear that human progress is full of imponderable elements which make mankind prefer certain ways of living together to others. Parliaments and politicians come and go; but human society holds obstinately together in the tough framework of certain relationships. Ruler and subject, leader and led, master and man, parents and children, the whole instigated and controlled by ethical ideas forged from unimaginable experiments; these relation-

ships, popular in the widest sense, are what we have to work with and nothing but reaction in the true sense can come from an economy which disregards them. The Socialist and the Liberal both have somewhere in their political consciousness the idea of the equality of men in the earthly and material sense and no economic system could long perform its primary tasks of production and distribution if it were even tinged with the notion of equal material rewards for services, observedly unequal in quantity and quality.

The Opposition Liberal Party of to-day displays the last stand of the supporters of economic anarchy. The same Party which in Victorian times opposed Factory Acts and the liberation of the trade unions, to-day concentrates its hostility upon the tariff. It strives to assuage its sense of guilt for the bad conditions which its predecessors sponsored, by a loud advocacy of social reform. Pensions, doles, education, social insurance are its pointers towards the higher life. But the advocates of these pleasant but expensive sweetmeats refuse to grapple with the economic factors which deny men bread of their own growing or their own earning.

The Conservative Party, as a whole, is free from both the false despairs which hamper the other two parties. It does not share the Socialist's despair of free activity in a free England. It does

not set, as do the Opposition Liberals, any bounds to the power of the Crown and its advisers, by the application of intelligence, to control trade and industry to the advantage of the Crown's subjects. It believes in authority and dislikes anarchy, whether that anarchy be political or economic. It is therefore equipped by tradition and temperament to attempt the task of bringing better order into our economics while leaving the powers of private property and free individual enterprise, inside an ordered realm, as the prime movers of economic progress.

Thus it has been able to support unanimously the present control, partial and tentative as it necessarily is, of foreign trade. It would like to see that control carried further in wise directions. And it is prepared to support any well-considered effort to restore order in home trade. It is a fact of great significance that the oldest and greatest of our industries, from the point of view of employment, has been the first to choose order instead of anarchy, and that agriculture is the industry most traditionally associated with Conservative politics. The problems of industry, as seen through Conservative eyes, appear amenable to similar treatment.

The main problem then, in industry, is the problem of employment. It is the main problem, not only because no scheme of doles and pensions

is a substitute for work and wages in the desire of the ordinary man, but also because employment is the only real agency by which the nation's wealth can be distributed, and, without distribution, production is mere waste, vanity and vexation of spirit. The ideal is not maximum production with haphazard and shrinking consumption, which is the old Liberal ideal. Nor is it maximum production with distribution relying on doles, pensions and largesse, which is the modern Liberal and Socialist ideal. It is that volume of production which is steadily and instantly distributed in profits, salaries and wages. As wages are by far the most important agency of distribution, without which distribution, profits and salaries cannot exist, the ideal may be stated as that volume of production of wealth which is most widely, and most quickly absorbed totally in wages paid for work done. The more closely this ideal is realised the greater will be the effective production, that is, the production which is distributed and consumed. This ideal implies a steadily rising level of production and distribution and, if it can be attained, offers the only hope of a real rise in material standards of life. It is not an easy ideal to arrive at. Its attainment demands a degree of self-subordination to a national purpose for which the economists of last century have prepared us but ill. It also demands

knowing what is happening at present to the national wealth more accurately than we do at present. Our efforts towards it must be tentative, experimental and cautious. But it is well worth having in mind, and doing what we can to realise, remembering that if we can preserve our political structure intact we have some time in which to work it out. It may be that we are destined to do so, as we have worked out so many of the problems of living together. In one regard we are well equipped as a nation for the task. Our civilisation and culture has never wholly accepted material standards of good and evil though we have gone far in that direction in the last hundred years. The vast amount of voluntary work that is done in times of safety, the convulsions of patriotism which occur in times of danger, are signs of a national spirit which is formidable in dealing with public problems.

The advent of the modern machine exaggerates our present problem to such an extent that its features can be clearly seen. A manufacturer puts in a machine for a specific purpose. That purpose is to reduce his costs and enable him to undercut his competitors at home and abroad. The item of costs which is reduced by the machine is labour. Hence it is no travesty of the position to say that the purpose of machines is to put men out of work. In former years it was supposed

that the labour so displaced would be re-absorbed in other forms of work, created by the purchasing power of those who owned and operated the machines. In support of this proposition attention was drawn to the fact that during the last hundred years there has been an immense increase in the number of machines employed and, at the same time, an immense increase in the number of men employed. But it may be doubted whether this is not an instance of the fallacy of *post hoc ergo propter hoc*. During the period of the increase of the machines, other events were happening which probably more truly accounted for the increase of employment. The vast markets of Asia, Africa and America came into being. We had a flying start in these markets, the momentum of which is now slackening. It may be that the increase in employment in the period under review was not due to the machines but happened in spite of them. Nor are we wholly consoled by the fact that, at the present time (August 1934) there are probably more people employed in this country than there have ever been in its history. The recent increases in employment are largely the result of protecting the home market. We have already reached the stage when the foreign market is no longer a dry sponge for exclusively British goods. The saturation of the home market, if things continue as they are,

is not, to say the least of it, improbable. If both the foreign and home markets reach saturation point, we shall be left with the machines, by that time vastly improved in efficiency, turning out goods for which there are no customers, because the customers have been put out of work by the machines, and even the little which their products will cost is denied to those for whom the distributive side of the economic system has broken down.

Many events may happen to prevent such a calamitous conclusion. The Asiatics may return, through political or monetary causes, to their old, or a higher purchasing power. There may be a gradual freeing of world trade. But if the former event happens, it is to be expected that the Asiatics will employ their own machines; if freer trade results there is nothing in our present circumstances to indicate that we could hold even our home market on a basis of strictly competitive costs of production, importing as we do so much of our raw material. But we have this consolation, that our problem is that of every nation and that no one, in the long run, will be much better off than ourselves. We are all faced with the task of making consumption equal production and of distributing wealth, by means of employment, to enable this to happen. Will it happen of its own accord, without our doing anything conscious in the matter? If so, it were well



not to meddle. But the comfortable affirmative answer does not appear probable enough to take the risk of staking the future stability of society upon it. We have been taught to believe that it all comes right "in the long run." But, as we have noticed, the observed facts are not free enough from contributory causes, which may not recur, to justify this conclusion. Again, "the long run" appears too long for the speed of modern invention, which has vastly accelerated in our own time. As the struggle for markets, including the home market, continues, so is the demand upon the inventor of labour-saving machinery intensified. As labour is saved so is distribution impaired and consumption checked. As consumption is checked so does the price fall. As the price falls so is the reward of inventing more "labour-saving" devices increased. Where is the vicious circle to be broken? One circumstance at present mitigates the fury of this cumulative process. That circumstance is the increasing and expanding nature of mankind's desire for new things. The gramophone and the wireless are new inventions whose labour-saving effects are confined to the smaller orchestras, while their manufacture employs a host of new labour. But if distribution fails in the staple industries the demand will not primarily be for gramophones and wireless sets, but for food and clothes. The inventors so far

have been better at inventing devices for satisfying old desires than at devising new desires.

There are those who see in this lack of consuming power nothing but a monetary problem. They ascribe it to the lack of a currency commensurate with the wealth produced. But even if there were twice the amount of currency and if those at present rendering services got twice their present money wage or profit, those displaced by the machine would get twice nothing, which remains nothing. The field of employment and hence of distribution would be under the same restrictive forces as at present. There is a monetary problem, but it is not the fundamental one. The real problem is, that as trade is at bottom the exchange of goods and services, how to secure that every man's service is so related in value to those of people supplying other services, that he has some claim upon them for what they produce and is thus enabled to consume it. Now the goods produced by the machine are the goods which are consumed in large quantities. They must be consumed, if at all, by wage-earners. A woman with ten thousand pounds a year will not consume the same number of silk stockings as twenty women with five hundred pounds a year. Indeed, of machine-made cheap goods she will consume very little. We can thus leave her out of account for the moment, thanking her in passing,

not only for her annual contribution to the public exchequer but also because the expenditure of her income distributes that amount of the national income among a section of workers who keep a few corners of industry secure from the machine.

The problem of how to consume the monstrous progeny of the machine is the problem of distributing purchasing power among wage-earners. And the vehicle of that distribution must be wages for work done. Any other vehicle will not do. Attempts to distribute purchasing power have been made by distributing public money by means of gifts, pensions and other eleemosynary methods. But such attempts are dogged by two fatal disadvantages. One of these disadvantages is social and the other is economic. The social disadvantage is that ordinary men are never content with the position of idleness on other people's money. The sense of status is infringed and status is one of Northern humanity's chief desires. The economic disadvantage is compounded of two elements. One is the inadequacy of the possible monetary subvention, and the other is the depressing effect of heavy taxation upon the prime movers of economic production. Taxation is now a heavy item in production costs. Its increase leads to more "labour-saving" and an intensification of the problem of distribution. There is no way out in that direction. However

necessary and desirable schemes of social insurance are, however attractive their indefinite extension may appear, in so far as they are not self-supporting they have two characteristics which should never be forgotten. One is that they are at best rescue schemes for the victims of faulty distribution. The other is that they tend to make that rescue work more necessary. They are lifeboats which, the more they are launched, the more they increase the number of shipwrecked mariners. There is a point when their effect in adding to the casualties is not serious but, once that point is past, they multiply their victims faster than they can rescue them. That point would be long passed if the eleemosynary addition were to be at all adequate. We should, in addition, be faced with something worse than a slave-state, for the slave was usually fairly sure of food and clothing.

The question is how can we secure a successful distribution of wealth in wages, so that the wage-earner shall be able to consume the product of other wage-earners, so that those other wage-earners shall continue to earn wages. If economic law, so-called, worked universally we should not have to bother ourselves in finding the answer. Wage-rates, and consequently costs, would tend to find a natural level based upon the demand and supply of the article produced, and conse-

quently upon its value to the community so determined. As the supply of the article exceeded its demand, so would wage-rates fall and men would seek employment in those industries which yield higher wages because of a relatively brisker demand. But no one can believe that this pleasant self-balancing automatism exists anywhere to-day. The rate of wages is nowhere so determined in modern industrial society. It is determined in the main by collective bargaining between trade unions and employers. In such bargains, the relative value of the services of the workers, compared with those of workers in other industries, is not a question which comes up for discussion. Each side tries to drive the best bargain it can, according to its power to dispense for a time with the other side's assistance in the process of production. The employer estimates what a strike would cost him, the trade union official thinks of what would happen to his own members if the works were closed down. Each side's intellectual effort is confined to these parochial limits. The result has been a system of wage-rates throughout the country depending upon circumstances which do not take into account what the effect upon consumption will be. The employer of labour in one industry, seeking a reduction of wages, is not concerned to think what the effect of such a reduction will be upon

the power of his workmen to consume the goods produced by another employer. The trade union official in one industry, seeking a rise in wages, gives no thought to the effect which that rise in costs will have upon the power of wage-earners in other industries to consume the goods produced by his members and consequently upon his own members' continued employment. The effect of this disorder has been seen in an exaggerated form in the case of the different rates of wages prevailing in the sheltered and unsheltered industries. The houses produced by the sheltered building operative have been too dear for the unsheltered agricultural worker. Consequently there has been unemployment, distress and lack of power to consume agricultural produce among building operatives. The employer has been driven to "labour-saving." The facilities provided by the sheltered railway worker have been too expensive for the unsheltered cotton worker. The result has been "labour-saving" on a large scale by the railways, with consequent lowered power, on the part of the railwayman to consume cotton goods. These are only instances of the evils of a disorder in wage-rates, and consequently costs, which is general. It has produced lowered consumption all round and prevented the full distribution and consumption of the immense wealth annually produced. If a better inter-

relation of wage-rates were possible, so that the total wealth produced were more quickly and more completely consumed, more wealth would be produced, more people would get wages and all earnings would steadily rise.

Wages are the chief thing. However rich a man may be, his power to consume goods and services is limited by the fact that he has but one body to nourish and clothe. His other expenditure goes directly or indirectly in wages. It is the increase of the number of people earning wages, and the steady increase in their earnings which alone will absorb modern production. To this end, effort of mind should be directed towards removing the disorder in wage-rates which is a prime cause of the faulty distribution of purchasing power. This does not, of course, mean that all wages should be the same for all sorts of work. What is desirable is a truer interrelation of wage-rates according to some criterion which will result in each section of industry having the whole of its product consumed by the others. Such an end is difficult of attainment but by no means impossible. As Conservatives established the trade unions, so they may hope that these vital organisations will realise their true stature and function. The difference between sheltered and unsheltered industries will tend to diminish. The home market will more and more grow in importance, and with that process

will increase the opportunities for an organisation of labour that will work for ordered distribution through related wage-rates rather than for political aims which are destructive rather than constructive, inspired too often by a penny-wise covetousness which defeats its own object. The last century has left us with a legacy of distrust between the partners in industry which is only too natural. It will probably be a sufficient task for the politicians of one generation to try to make all concerned realise that the twentieth century is now more than a third past. There is no doubt that such an effort would well absorb the public spirit and intelligence of trade union leaders in a way more fruitful to their members than that of what is called socialism but is really Victorian radicalism—as appropriate to the activities of modern life as the crinoline is to those of the modern young woman. It may be that the community will have to develop a new organ to fulfil this function, but those who clamour for “the corporative state” to achieve this and similar objects neglect the extent to which we already possess corporate organs. The living development of these will more naturally deal with these duties than any imposition of extraneous and foreign systems.

But disorder does not exist merely in wages. Employers of labour have their own part to play;



their own chaos to make reasonable and practical. We have heard a great deal about rationalisation of industry in recent years. In so far as this word means limiting the production of certain goods to something like the possibility of their consumption, the process is a healthy one. In so far as it means the concentration of production in fewer and larger units it is a process which cannot be regarded without misgiving. These large units are vulnerable, impersonal and incapable of the same close and economic costing which has made many a small business survive a slump which has sucked up the large ones. When the big unit fails, it involves thousands in its ruin. A nation of small producers is like a bulk-headed ship. One compartment is flooded but the ship remains afloat and the damage can be repaired. From the social point of view, rationalisation in this sense is little different from nationalisation.

It seems clearly in the public interest that some effort should be made to foster the smaller producer. Many things have altered since the factory age. Two of them can here be noticed. One is the way in which electrical energy has become increasingly available. The days when all producers had to crowd into a factory, in order to share the power of a revolving steam-driven shaft, are drawing to a close. As electrical development proceeds, power may increasingly be obtainable

in a man's own premises. The other change arises from the complicated and expensive nature of modern machines. The days of relatively simple and cheap machines encouraged a host of small producers. As machines grew in complexity, these smaller men had to combine in order to buy and operate them. Now there are signs that, in some lines of production, the task of providing modern machines is too much for even the bigger concerns. We hear constantly of obsolete and obsolescent plant due not alone to lack of capital but mainly to that inability to cope with the rush of modern invention which is the lot of those who have also to deal with buying the raw material, selling the finished article and controlling production in all its stages. It seems as though what is called by the bad name of the capitalist system is due for a further development in the direction of a further specialisation of function. The job of supplying machines of production and keeping them up to date is quite enough for one organisation in each branch of industry. There is a limit, imposed by human nature, and the necessity of every organisation to be based ultimately on one man, to the duties which can be discharged efficiently by any organisation, however vast.

In the boot and shoe factories, this subdivision has already taken place. The machines used for

making boots are, owing to the irregular shape of the human foot, of a weird complexity. Consequently they are immensely expensive. By far the greatest part of machine-made footwear is manufactured on machines not owned but hired by the producers from concerns who make no boots but make and hire the machines for their manufacture. The hirer is paid by the producer by means of a low basic rental and a royalty on each pair of boots produced. The hirers specialise in making the machines as efficient as possible. They buy no leather, sell no boots. They have quite enough to do in keeping abreast of modern invention. The more boots produced, the more they get in royalties. Hence they claim, in their contracts, the right to uproot a machine which progress has rendered obsolete and to install in its place the latest triumph of human ingenuity. They provide expert service to the producers who hire their machines, their sole interest being to keep the machines working at the highest point of efficiency. The cost of the machines to the producer varies from  $\frac{3}{4}$ d. to  $2\frac{1}{2}$ d. per pair of boots produced according to their quality. The machines cost each many thousands of pounds.

This specialisation of the function of inventing, owning, improving and caring for the complex modern machine is a development of great

importance. It ensures the machine being of high quality and it puts it into the hands of small producers who themselves could never hope to possess such an expensive monster. Such abuses as may creep into the system can easily be controlled. The system as a whole seems highly beneficial in correcting the over-concentration of productive units, and there seems no reason why the system should not, with profit to the community, be extended in those industries for which it is suitable, such as the hosiery and textile trades, so that we might have more production by men and less by limited liability companies.

Inside industry, then, there is much disorder which could be removed by concerted action by masters and men working not in a penny-wise pound-foolish kind of way but regulating production and distribution of wealth by wages so as to secure the greatest volume which can be consumed. The way has been pointed out by the Agricultural Industry which is an industry of small producers. The politician can help in several ways. He can deliberately support such measures as tend to the increase in the number of subjects who own private property and repress to the best of his ability contrary tendencies towards the dispossession of the people either by the State or by corporations. He can foster such measures as tend to make mechanical power and

invention more generally available. He can best help as an immediate step by trying to revive the native social mood of the people which at bottom assumes a community of interests in all sections and grades. Much that appears difficult to-day will prove easier of solution when the burden of leadership is recognised as an inevitable consequence of the possession of wealth and when the anarchic social code of the century of scramble has given place to the older conception of a man's duty to his neighbour.

### III

Finance is a branch of economics which is almost a different subject altogether. It is impossible to think of economics without thinking of politics, just as it is impossible to think of house-keeping without having some idea of what is to be in the house. Finance is at once more limited and more technical. It bears the same sort of relation to economics as plumbing does to architecture. In so far as this subject concerns the politician his duty is confined to seeing that the plumber does not think that the house exists merely as a shell for his activities. No good plumber does. He conceives it his duty to pro-

vide abundant water supplies and efficient sanitation with as little display of triumphant lead piping as possible. In so far as finance concerns the politician his only desire is that it shall be efficient, and he is thus most closely concerned with two problems. One is the problem of debt and the other is the problem of currency. The two problems, though distinct, have certain important interrelations.

Most early communities which attained to any civilisation have encountered the problem of debt. The twenty-fifth chapter of the book of Leviticus describes the ingenious Jewish device of the Jubilee. Similar ideas were developed by the great Greek city-states. These devices were founded on a fear of the social effects of perpetual debt at fixed interest and were probably the legacy of older communities whose political structure had crumbled as a consequence of unchecked usury. Right down the Middle Ages the horror of usury persisted as an orthodox tenet. It is highly probable that these conceptions were taught by some social suffering which had attended on their neglect. The Conservative Party is traditionally opposed to the accumulation of debt. Disraeli in *Sybil* inveighed against the Whigs with their Dutch finance, mortgaging the energies of the people for generations ahead. When the Young Pretender made his bid for Tory

support he hunted the same stag. His proclamation, issued in Edinburgh after the battle of Prestonpans, condemned the National Debt as an incubus which his regime proposed to abolish. To-day the National Debt is a monster which consumes year by year nearly one-half of the total yield of taxation,<sup>1</sup> and some politicians seem to contemplate its increase with equanimity. The monster has become so domesticated in our com-

<sup>1</sup> REVENUE AND EXPENDITURE OF THE UNITED KINGDOM, EXCLUDING SELF-BALANCING ITEMS (£000 omitted).

<i>Year to March 31</i>	<i>Ordinary Revenue</i>	<i>Interest and Management of National Debt</i>	<i>Allocation to Sinking Fund</i>	<i>Total National Debt Service</i>	<i>Total Expenditure (including Sinking Fund)</i>	<i>Percentage of National Debt Service to Total Expenditure (including Sinking Fund)</i>
1924	773,268	307,309	40,000	347,309	724,939	47.9
1925	733,493	312,161	45,000	357,161	729,834	48.9
1926	740,657	308,229	50,000	358,229	754,695	47.5
1927	733,428	318,584	60,000	378,584	770,122	49.2
1928	766,358	313,816	65,000	378,816	762,119	49.7
1929	758,104	311,491	57,509	369,000	739,709	49.9
1930	734,189	307,252	47,748	355,000	748,712	47.4
1931	775,895	293,170	66,830	360,000	799,171	45.0
1932	770,963	289,492	32,508	322,000	770,599	41.8
1933	744,791	262,305	*46,195	*308,500	*777,070	39.7

\* Including the payment of £28,956,349 to the U.S.A. Government on December 15th, 1932. The British Government reserved the right to treat the whole of this sum as a capital payment of which account should be taken in any final settlement. (Cmd. 4215 and 4217, of 1932.)

munity<sup>1</sup> by this time that it sayeth Ha Ha among the trumpets of the Jubilee. But it is too fat. The task of its reduction is one which can never be shirked and the Conservative Party rejoices in the success of recent budgets in reducing its bulk.

The main issue which confronts politicians on the debt question is whether or not we should seek to relieve our present distresses by further loans on the public credit, after the manner of the Americans in their recent strenuous efforts at national recovery. It is sometimes said in effect: "You borrowed hugely for the War; why not borrow a little more for the peace?" Put in this tendentious way the moral question involved is obscured. The people who have to pay the debt are future generations. The war was a successful attempt to preserve their property, this realm. It would have been well if we could have secured that object without asking them to contribute.

<sup>1</sup> HOLDERS OF THE NATIONAL DEBT.

£5,632,000,000 in Hands of the Public.

Total amount of the National Debt outstanding at		£
March 31st, 1932 .. .. .	.. .. .	7,544,000,000
Held by U.S.A. Government and	£	
subject to the Hoover Moratorium	904,000,000	} 1,912,000,000 (not in the hands of the public)
Held by Allied Governments ..	135,000,000	
Held by British Government Depart-		
ments for benefit of the nation ..	750,000,000	
Held by National Debt Commis-		
sioners, in the form of Victory		
Bonds .. .. .	123,000,000	
Leaving		£5,632,000,000

[Table continued on next page.]



But the War generation has nothing with which to reproach itself in the adequacy of its own contribution out of income, putting aside for the

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*Continued from previous page.]*

This £5,632,000,000 is in the hands of various sections of the public, and is split up as shown in the table below:—

#### HOW THE PUBLIC HOLDINGS ARE DISTRIBUTED

	£
Held by owners of National Savings Certificates and Bonds .. .. .	375,000,000
Held by oversea Britons and foreigners who have invested in various British Government securities, amount unknown, but estimated at .. .. .	350,000,000
Held by Post Office Savings Bank and Trustee Savings Banks .. .. .	500,000,000
Held as cover for Bank notes .. .. .	275,000,000
Held by railway companies for reserves, provident and other funds .. .. .	80,000,000
Held by insurance companies for the protection and benefit of policy-holders .. .. .	350,000,000
Held by executors of wills, by trustees, for marriage settlements, by trustees for widows, children, dependents, friendly societies, pensioners, held in trust for charities, hospitals, universities, schools, institutions for education and learning, for public bodies, places of worship, for trade union funds, and as reserves for trading concerns .. .. .	1,500,000,000
British Government securities held by trading firms as part of the currency of industry and commerce, and by which trading and finance houses provide the everyday working capital of British commerce	200,000,000
The remainder is held in some shape or form, in large or small amounts, by, for, or on behalf of 40,000,000 British subjects, of whom not more than 750,000 have a taxable income of over £500 a year .. .. .	2,002,000,000
Total in hands of the public .. .. .	5,632,000,000
Add amount not in hands of the public .. .. .	1,912,000,000
Amount of National Debt outstanding March 31st, 1932 .. .. .	<u>£7,544,000,000</u>

(Table published in the *Daily Telegraph*, April 29th, 1932, by Sir Arthur Michael Samuel, M.P.)

moment its contribution in other ways. It was right to borrow when borrowing was necessary to secure the Kingdom. But quite different considerations arise when it is proposed to borrow merely to give one generation a slightly easier time. Some of the generations which went before us suffered economic distress more acute than ours. Future generations will have their own difficulties. We ought not, in times of peace, to add to them in order to help ourselves.

But the burden of debt, the annual charge of interest and management, represents a huge burden in money. We ought not to let it amount to too much in real wealth, in goods and services. One of the consequences of our premature return to the Gold Standard in 1925 was an immense and progressive increase in the real burden of debt as distinguished from its monetary expression. The artificial, pegged currency, borrowed by the Nation in a time of War and high prices was a much lighter burden to shoulder than the massive gold of the deflationary period. That mistake should not be made again, for its consequences had a profoundly depressing effect in unbalancing the relative rewards of production and usury, patriotic and disinterested as was lending in times of war, when there were so many other more gainful allurements to the capital lent. There is, as past experience should teach us, a

point at which the mule of production kicks off the load of debt charge, or simply lies down in the mud.

One, then, of the considerations which should be in our minds when approaching the problem of currency is the effect which the monetary standard adopted will have upon the real burden of debt. A lack of currency dislocates production not only by the restriction of credit, not only by the lowered value of stocks of goods, but also by displacing the reward of the producer from its natural place, well above the reward of the *rentier*. If the *rentier* gets too much, he soon gets nothing at all, for production, which is the source of his reward, becomes incapable of supplying it, and the cathartic spasm of a financial crisis, with all the suffering involved, is the consequent rebalancing process. This aspect of industrial instability is the one which seems likely to yield most readily to purely monetary treatment. If the supply of currency had always been adequate to preserve the appropriate level between the real rewards of the lender and the producer, both would have benefited. The lender would have in fact received a greater return than he has had when bankruptcies in the domestic, and repudiation in the international sphere are considered. The producer, needless to say, would also have had a more tranquil and prosperous history.

By common consent, sterling has proved of recent years a better measure of world values than has gold. The way seems open for its development into a truly adequate and satisfactory currency. So long as political conditions remain stable there seems no reason why sterling should not continue to serve the world as it does to-day. Its foundation is, however, merely good faith. The politician can, as an immediate step towards the achievement of an ideal currency, render no greater service than by action and word maintaining the essentials on which faith is built. His task will be made easier if those at present charged with the trust of developing and managing our currency show that they have in mind a vehicle of exchange plenteous enough for human requirements and framed so as to make interest charges a burden within the power of our people to carry steadily and to reduce gradually by fair and peaceful means.

#### IV

The preceding scamper over the surface of deep economic matters is an attempt to indicate an attitude of mind rather than to frame policies. Two seemingly contradictory elements in that attitude emerge. There is on the one hand a

desire to maintain economic freedom, based upon the conviction, or prejudice if you like, that free men are happier and more efficient than are bondmen. In our day the most challenging foe to economic freedom is "the State," which is an abstraction working through civil servants. On the other hand, as free men have thoroughly learned in every sphere of activity except the economic one, there is no more grisly foe to freedom than the ogre disorder. Even in parliament where the freedom of the individual member is jealously guarded by the rules of the House, disorder sometimes creeps in. The politician, conscious of his own demerits, feels little disposed to lecture others. He can only suggest to those on whose various toil of head and hand rests the immense fabric of our economic system that for the difficult years which lie ahead, they might take worse advice than the grave words with which the Speaker is accustomed to exhort an assembly of free men. . . . "Order! . . . Order!"

# AGRICULTURAL REVOLUTION IN THREE YEARS

BY CAPTAIN F. F. A. HEILGERS, M.P.

MR. WALTER ELLIOT has stated that the story of agriculture to-day begins in 1931.

It is true to say that so far as the State is concerned there has in the last three years been a revolution in its attitude towards our oldest industry. When the extent of our adverse balance of trade was realised in 1931, it became imperative to stimulate home production, and it was natural that the Government should turn its eyes to the possibilities of increasing our agricultural output. It might have been possible to have effected something by a policy of subsidies, but the people of this country would have revolted against the pouring of State money into one industry with no guarantee of increased production and efficiency. Moreover, the state of the National finances precluded any possibility of increased expenditure.

Fortunately, the adoption of Protection gave the National Government a weapon ready for use, and it cannot be too strongly emphasised

that, even given the need to expand, and the desire to help agriculture, no effective steps could have been taken without the help of the Conservative Tariff Policy. On the other hand, while Tariffs can be used as a protective screen behind which reorganisation is to take place, they cannot in themselves effect that reorganisation. Marketing schemes, which plan production and regulate the flow of produce to the market thus equating supply and demand, are needed to give stability to the producer and confidence to the consumer. At the same time, marketing schemes alone, without control of supply, must result in the increase of overhead charges to the producer and no increased security as compensation. A policy which interlocks orderly planned marketing and measured Protection is, therefore, the only policy which is likely to rebuild agriculture on firm foundations.

If we are to consider the development of the Government's policy for agriculture it is for a moment necessary to survey the background. With the passing of the Reform Act in 1832, power in England passed from Agriculture to Industry. The rise of industrial England, the concentration of the population in the great cities, the sweating of industrial labour, all made cheap food the one desideratum. With the repeal of the Corn Laws in 1845 by Sir Robert Peel's Govern-

ment, England became a free importing country. Many factors however concealed the damage that had been done to Agriculture—amongst them being the rise in the general price level in the years 1850–1873, the abnormal growth of population, and the slow development of land and sea transport. During those years prosperity brought Capital into the industry, science taught the farmer the art of manuring his land, the land was drained, and yields were increased by 50 per cent. By 1872 18.4 million acres were under the plough. (In 1931 the arable area was  $9\frac{1}{4}$  million acres.)

In the middle 'seventies all the factors which had given the farmer invisible protection ceased to operate.

In particular the development of transport brought vast quantities of wheat from America, grown on virgin soil, at prices with which the English farmer could not hope to compete. The late 'seventies and 'eighties were times of great distress, and slowly the axis of British farming turned to livestock production. In the late nineties the price level again began to rise and as the Overseas Countries were still concerned with the production of corn and had not as yet become serious invaders of our meat market, the British producer managed to eke out a somewhat precarious existence until the coming of the



Great War. Intensive production and scarcity brought high prices to the farmer during the war period, whilst, after the war, it seemed as if the semi-starvation of 1918 had brought realisation of the necessity of increased production at home. Mr. Lloyd George passed the Corn Production Act in 1922, which subsidised corn production to the extent of some 20 millions per annum, but when the cost was realised the Act was hastily scrapped, a one year's bounty was given in compensation and British agriculture was left once more to fend for itself.

The history of the decade from 1921 to 1931 is one long story of the continual decline in prices—it is a world-wide story—and it is only peculiar to this country inasmuch as our producers had no protection. As long as there was Free Trade, no effective assistance could be given, nor could any long-term policy be applied. During the period of the Conservative administration from 1924 to 1929, however, the Sugar Beet subsidy was passed, agricultural land was relieved of rates, and an effort was made to give financial assistance by the Agricultural Credits Act in 1926, but this assistance, helpful though it was, was more than counterbalanced by the continual expansion of imports.

On the other hand, the establishment by the Labour Party of the Wages Board safeguarded

the labourer by making the cost of living, and not agricultural prices, the basis of his wage. The Act in itself was most necessary, but no *quid pro quo* was given, and the maintenance of agricultural wages at an uneconomic level added, by 1931, £12,500,000 to the costs of agricultural production. Looking at these years from the Conservative point of view, it is only fair to recollect that Mr. Baldwin appealed to the country on the issue of Protection in 1923, with a policy that was to include the worker as well as the farmer. He was defeated.

The decay of agriculture had become very deep-rooted by 1931. In the years 1925-1931 the index figure of agricultural prices had fallen (taking the years 1911-1913 as 100) from 159 to 120. There are three partners, however, in agriculture. The position of the farmer has been briefly surveyed; what of the other two, the landlord and the worker? The landlord of the countryside has always been the partner, the friend of the farmer, and often a bulwark in distress. The Labour Party cannot dissociate him in their minds from the landlord of the towns; too often a small man, whose life savings have been put into house property, and who must have his rent in order to live; or it may be the municipal, or Company landlord, whose personal interest in his tenants does not exist, and

whose agent's ability is only judged by his zeal in collecting rents. High taxation and death duties had lessened the landlords' ability to help and had caused the break-up of the great estates. Death duties were drawing capital from the land at the rate of £2,700,000 per annum. The break-up of many of the large estates after the war forced farmers to buy their farms. Many farmers borrowed money at high rates of interest and, with the decline in value of agricultural land, they have been forced to hold on to their farms or admit insolvency. Their creditors refrained from foreclosing, since farming the land would have added to their burden. It is calculated that one-third of the land is now owner-occupied.

Landlords of the remaining land were unable to put fresh capital into property as they were receiving far less than before the war. The gross rental of agricultural land was estimated in 1927 to be £42,350,000 or somewhere about 5 per cent of its capital value. But since the war the outgoings of the landlord have increased from 33 per cent of the gross rental in 1914 to 57 per cent in 1929. The landlord was therefore left with a nett return of 2 to 2½ per cent at a time when Government securities were yielding 4 to 4½ per cent. It is not astonishing therefore to find that from 1925 to 1931 the value of the capital invested in agriculture shrank from £1,180,000,000 to

£925,000,000, a fall of £255,000,000, or over £1,000,000 every ten days for over seventy months.

The labourer had been disgracefully paid in pre-war days. In the golden era of agriculture (the late 'sixties) he had been getting 10/- to 12/- a week, and even in 1914 only 18/- a week. His wages had risen to 46/6 in the war, but after the war there was a big drop. Since the establishment of the Wages Board his remuneration had remained practically stationary at 31/6, for about six years, from 1925-1931. There was, however, a tendency to reduce wages, and increase hours, towards the end of the Labour Government's period of office in 1931. He had not shared in the decline of agricultural prices as far as his wages were concerned. On the other hand, bad times, and the consequent advance in mechanisation, had caused unemployment among agricultural workers to become a serious factor for the first time. The decline in the number of boys working on the land however seems to point to the fact that part of this growth of unemployment was not really unemployment, but due to the desire of the young men to seek better prospects in the towns. 120,000 men and boys were lost from the land in the decade from 1921-1931. To the farmer the stabilisation of wages from 1925 to 1931 meant increased labour costs of 100 per cent compared

with pre-war. Payments had risen 75 per cent and the reduction in hours from over 60 to 51 had meant a further rise of 25 per cent.

The farmer, in view of the great increase in imports of meat, and wheat, prior to 1931, had concentrated on the production of perishable commodities, in which there was little or no competition: products such as milk, eggs, poultry, potatoes, fruit and vegetables, with the result that the market in these commodities was becoming rapidly oversupplied.

Such was the background that confronted the National Government in 1931—a flight of capital from the land, a worker secure in his wage, but commencing to suffer from unemployment, and a farmer producing at pre-war prices with costs 60% to 70% above, and a cost of living 43% higher.

There was no sign of an arrest in the decline in prices. As Tariff barriers grew in other countries, Britain became more and more the dumping ground of all the surplus food exports of the world and the crisis was likely to intensify rather than diminish. It has always been the history of nations that if agriculture perishes the people also deteriorate. It is a fashion of those who decry agriculture to point to the fact that it is only the fourth industry in the country and represents a mere 7% of the population. It must be remem-

bered however that there is a very large population in the country districts not directly engaged in agriculture but dependent for their livelihood upon its prosperity.

It was not so much the decay of agriculture which gave the National Government in 1931 a mandate for its restoration, but rather the fact that the huge adverse balance of trade was threatening the whole structure of the nation, and it was imperative to produce more at home in every way we could, both industrially and agriculturally, to restore that balance.

The National Government had two tasks before them—the immediate, to stop the rot and decay before it became too late—the future, to reconstruct agriculture on a firm foundation.

The index of agricultural prices demonstrated that arable agriculture was in the worst plight. The combined index figures of the staple corn crops, wheat, barley and oats, stood at 82, in contrast to the figures of 123 for fat cattle, sheep, milk—the main products of the grasslands.

The passing of the Tariff Act was bound to take some time, and when a man is drowning, the quicker you throw him a lifebelt, the better chance there is of saving him. Wheat has always been the most important cereal crop, and to wheat the lifebelt was thrown. A great deal of criticism has been levelled subsequently at the decision to

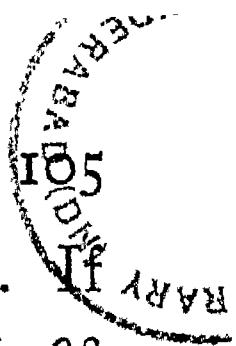
help wheat-growing in this country. It has been argued that wheat represents only four or five per cent of our agricultural output; that it is entirely uneconomic to grow wheat at all in this country, and that livestock is, and must be, the backbone of British Agriculture.

To begin with, this criticism ignores the relative positions of arable and grassland agriculture in 1931. To abandon wheat-growing in this country, which incidentally grows more wheat per acre than almost any other country, seems to be completely forgetting the lessons of the war. It is a measure of National security to have an insurance of 20-25 per cent of our wheat home-produced. The wheat produced in the United Kingdom is more suitable than that imported for biscuit-making, certain forms of self-raising flour, and poultry-feeding. Wheat is also essential as a crop in the four-course rotation of farming, which is a *sine qua non* if arable farming is to be maintained in this country.

The Wheat Act is of course a form of veiled subsidy, for the difference between the current market price and the guaranteed price to the farmer of 45/- per quarter is found by the millers from a levy on every sack of flour they sell. It is passed indirectly to the consumer and has represented from  $\frac{1}{4}$ d. to  $\frac{1}{2}$ d. on the price of the 4lb loaf. The levy has varied from 2s. 3d. to 4s. 6d.

Acc. No. 16000

## AGRICULTURAL REVOLUTION IN THREE YEARS



a sack, and is at the time of writing 4s. od. If there is a rise in the market price of wheat, as seems likely, the levy will be further reduced. As a rule any form of bounty causes an increase in production, which enlarges the scope of the subsidy until it becomes an intolerable burden to the community. Accordingly, a wise precaution was inserted in the Wheat Act by which once the quantity of home-grown wheat exceeds a certain limit, the guaranteed payment is proportionately reduced. The limitation comes into operation this year (1934). The area under wheat has increased from 1,249,760 acres in 1931 to 1,759,000 in 1934. The limit fixed is six million quarters, which means in acreage approximately 1,500,000 acres. The guaranteed price this year will be 42/10 in place of 45/-.

One more emergency lifebelt was thrown—this time to Horticulture. A Measure was passed in December, 1931, called the Horticultural Products (Abnormal) Importations Act. It imposed Duties on a variety of foreign vegetables such as new potatoes, asparagus, cucumbers, peas, tomatoes and broccoli, fresh fruit such as cherries, currants, gooseberries, strawberries, hothouse grapes and a variety of flowers. The Measure was especially designed to help the hothouse industry in the Lea Valley and Kent, the early producers of Cornwall, the Scilly Islands and



the strawberry growers of Sussex and Hampshire. Early supplies of fruit, vegetables and flowers always command a fictitious price in the London market, and by making the Duties especially heavy at the beginning of each season, the nursery horticultural trade, which had been supplied by France, Holland and Spain, was regained for this country. The Act has now lapsed, and it is noteworthy only as the first venture in agricultural protection. The horticultural duties now come under the Import Duties Advisory Committee, and have been adjusted and maintained at a higher level than any other form of Producer's tariff. It is remarkable to go through the Lea Valley to-day, where output is or was equal to half our wheat crop, and see the continual expansion of glasshouse production compared with the desolation that reigned in 1931. Although horticulture has prospered in consequence, the consumer has not complained that he is any worse off as a result of buying fresh English vegetables in place of stale foreign ones.

There is another feature of these two emergency measures which the critics fail to appreciate, and that is that the lifebelts were thrown to the two branches of agriculture which employed most labour. Market Gardening employs 10 to 15 men to the 100 acres and with hothouse crops it is considerably more. As regards wheat, of the

twelve Eastern and North Eastern Counties, which produce the majority of our wheat supply, some 67 per cent employ 325,000 workers, or 49 per cent of all the farm workers in England and Wales. In acreage they only represent some 38 per cent of the total. In 1933 every one of these twelve counties showed an increase in the number of workers as compared with the previous year.

The time for emergency legislation was past, and we must now consider the Government's approach to the question of Protection for Agriculture. No reconstruction could be attempted until there was a basis upon which to build. The passing of the General Tariff Act brought a weapon for the protection of their interests which industry and agriculture had not possessed for nearly a century.

Agriculture could now be reconstructed with a protective screen to cover the rebuilding. But the problem of reconstruction was not so simple as it may appear to the townsman. Agriculture was not one industry, but many, and while the problem was the same for all, the problem of prices, each commodity presented its own special difficulties. The amount of Tariff protection had to be considered in conjunction with the effect that marketing reorganisation might have on the stability of the industry, or rather the branch of

the industry concerned (it had already been decided to proceed with marketing reorganisation, and Reorganisation Commissions were considering the Pig and Milk industries). The Ottawa Conference was due in August, 1932, and with it likely demands from the Dominions for entry of agricultural produce. Above all the export trade was in the doldrums, and the industrial vote would never agree to the sacrificing of the export trade and British shipping to agriculture.

Finally there was the consumer, who would condemn Tariffs once and for all if the price of his food went up. Thus, though the weapon of Protection was forged, it was a sharp instrument to handle. Furthermore the advocates of Free Trade had exploited the bogey of Dear Food to such an extent that even the most ardent Protectionists were half afraid to use it. There was great rejoicing amongst agriculturists when it was decided to include agriculture in the 10 per cent Tariff. The rejoicing was somewhat tempered when it was found that wheat, meat and wool were to be on the Free List. Wheat did not matter as the obstacle of a Tariff on bread had been surmounted by the device of the Wheat Act. Wool was only a by-product so far as the home farmer was concerned. But meat was the bedrock of British farming. However, as Lord Astor and Professor Murray write in their recently pub-

lished book—*The Bitter Pill of the Import Duties Act* (with its free list) was delivered in a substance which looked like jam: expectations from the forthcoming Ottawa Conference. Hopes were raised; farmers' representatives were appointed to voice their interests; there was to be a new era, not of cheapness nor of control, but of the realisation for agriculture of that protection which had been granted to other industries.

At the time, too, there was a general failure to realise how ineffective a ten per cent Tariff would prove to be. It was also hoped that as the Dominions had been expressly omitted from the Tariff, until the conclusion of the Ottawa Conference, the Conference would recommend Imperial Preference, with a consequently higher range of Duties on foreign produce. The omission of a Tariff on meat, both from the agricultural and revenue points of view, was a great mistake, and has recoiled on the heads of the Government with particular vehemence right down to the present day, when the plight of the Beef Producers has necessitated subsidy payments in lieu of Protection. There is no doubt that it would have been difficult for a purely Conservative Government to carry a general Tariff, and the National character of the Government alone made it possible. On the other hand, with the cards in their hands, a purely Conservative Government would

in all probability have agreed to a tariff on meat. The National Government was carrying at the time the dead weight of Sir Herbert Samuel and his followers, and in view of the critical state of the country, there was undoubtedly a compromise to ensure the stability of the Government.

The next landmark was the Ottawa Conference in August, 1932. The eyes of all Agriculturists were looking with hope to its possibilities.

As I have indicated, a great show had been made of appointing farmers' representatives to accompany our delegation. The agreements concluded at Ottawa have undoubtedly been of great benefit to Inter-Imperial trade. Our exports to the Dominions have not expanded in the same volume as the Dominion exports to this country. On the other hand, they have expanded, and that, in a world of falling trade, is no mean asset. There is however one lesson we have learnt and are learning day by day; it is, that Ottawa did little good to British Agriculture.

The traditional Conservative policy of Imperial Preference with the home producer first, the Empire second, and the foreigner last, was not forthcoming. Nominally that was the policy of His Majesty's Government, but in reality, a policy of Imperial equality, with but few reservations, was adopted. The Dominions drove a hard

bargain at Ottawa, but, after all, it really ought to have been obvious to agriculturists from the first, that the whole *raison d'être* of the Conference, so far as Britain was concerned, was to obtain a market for our manufactured exports, and we could obtain that only by allowing the Dominions preferential entry for their agricultural exports. The disappointment of agriculture lay in the unexpected extent of the preferences. All the same it is not fair to say that the interests of British Agriculture were entirely neglected at Ottawa, because at the time the proposals for the regulation of meat imports were welcomed. Quota restriction was a new policy—it had not been tried in this country before, and it was not realised how difficult the administration was likely to prove.

It may be advisable at this point to give a summary of the proposals made at Ottawa.

Chilled Beef imports were to be stabilised at the amount imported in the Ottawa year, the year ending June 30, 1932, in which year the imports had been the lowest in any of the previous five years. Chilled beef came entirely from foreign sources and represented 70 per cent of our imports. Imports of foreign frozen beef, mutton and lamb were to be cut to 90 per cent of the quantity imported in the Ottawa year, during the first quarter of 1933, and thereafter by successive

cuts of five per cent, until the April–June quarter of 1934, when the cuts would be 35 per cent on the Ottawa year.

Empire imports of both beef and mutton were not to be cut, but the Dominions gave undertakings as to their probable exports. The limitation agreements with the Dominions were not strictly binding. They took the shape of formulæ such as “Australia undertakes to use her best endeavours to ensure that in 1933 her exports of frozen beef shall not be increased to an extent exceeding ten per cent of the quantities of the Ottawa year,” or, in the case of New Zealand, “You may take it that in 1933 our shipments of Frozen Mutton and Lamb will be the same as in the Ottawa year.”

Summarised, the agreements meant as regards beef imports in 1933 virtual stabilisation, as the cuts in foreign frozen beef were likely to be offset by the ten per cent increase in frozen beef predicted by Australia and New Zealand, which supplied about 60 per cent of the frozen beef imports.

In the case of mutton and lamb, Australia and New Zealand gave undertakings to stabilise their imports in 1933 at the figure of the Ottawa year. Dominion imports represented 70 per cent of the supply. Foreign imports were to be cut progressively as indicated above.

The total effect of the Meat Agreement at Ottawa was calculated to result in a decrease of three per cent in imports, the decrease being almost entirely confined to mutton and lamb.

The Dominions only gave undertakings for the year 1933. It was further agreed that the United Kingdom would not impose any restrictions on Dominion imports before June 30, 1934.

In considering the Meat Agreements made at Ottawa, it would appear that far too little regard was paid to the pre-Ottawa position.

Comparing the two five-year periods 1909-1913 and 1927-1931, there had been an increase of 17 per cent in the annual total meat supplies available in the United Kingdom, while the population had only increased by 8.9 per cent.

The whole of that increase (in supplies) had been from overseas. Imports had expanded by 37 per cent, of which beef represented 45 per cent and mutton 9 per cent.

If the policy of the Government was to bring stability to the home producer of meat, stabilisation of beef imports at nearly 50 per cent above pre-war, and at a rate much higher than the increase of population demanded, would seem to be the reverse of a business proposition. It only serves to illustrate the domination of the exporting and industrial interests at the Conference.

A Duty of 2/- a quarter on Foreign Wheat was



agreed to, and Duties on foreign butter, cheese, condensed milk, honey and fruit such as apples, pears and peaches, were either slightly increased or put on for the first time. They were of course for the benefit of the Dominions producer, and had little effect on the home farmer. The Duty on eggs was changed to an *ad valorem* one, which was to operate adversely on the home producer, as the Danish producer got cheaper entry for his eggs at the peak season of production.

The free entry granted to Dominion exports of Dairy Produce was to have disastrous results for the Dairy Industry. The Dominions already supplied some 50 per cent of our Butter Imports and 87 per cent of our cheese.

The conclusion of the Ottawa Conference closes an epoch as regards the National Government and Agriculture. The first year of National Government had been marked by a brilliant policy of stopping the rot in arable agriculture and horticulture, and also, alas, a far too cautious application of Tariffs to the remainder of agricultural products. Tariff administration was now in the hands of the Import Duties Advisory Committee, whose duty it was to examine each commodity and adjust the Tariff on the merits of the case.

In several cases the Committee have recently granted substantial increases in agricultural pro-

tection, notably as regards oats, potatoes and barley.

But at the time, after the flourish of trumpets with which the inclusion of agriculture in the general Tariff had been announced, agriculturists were disappointed to find that Ottawa had changed agricultural protection from the substance to the shadow.

The stage was set for reconstruction. The Tariff support for the rebuilding of agriculture was a known factor.

With the change from emergency to long-term legislation came a new Minister, Mr. Walter Elliot. Sir John Gilmour had done better work than he was given credit for. His emergency legislation has stood the test of time. He was responsible for the setting up of the Bacon and Milk Reorganisation Commissions which were to prove so useful to Mr. Elliot. If agriculturists criticise his handling of agricultural interests at Ottawa, it must be remembered that Britain's objective was an industrial one, and a prosperous industry is the farmer's best friend.

The coming of Mr. Walter Elliot was a landmark in the history of English Agriculture. He came of farming stock, which inspired confidence; he was possessed of great driving power and ruthless determination. From the first he made up his mind that he was a man with a

mission, and that mission was the reconstruction of agriculture. He is capable of departing from the rules of tradition and believes in trial and error. Tariffs, quotas, prohibitions, subsidies, and marketing schemes, follow each other with a rapidity which rather bewilders slow-moving agriculture. He found that the rot in agriculture had been temporarily checked, and the worst gaps in the river of agricultural collapse had been dammed, but like a river which is dammed in one place, the storm of agricultural depression kept breaking through in another.

The hoped-for rise in agricultural prices as a result of departure from the gold standard had been nullified by the food-importing countries following our example. Determined as he was to reconstruct, the new Minister found himself deflected from his purpose at the very outset by the sudden drop of 30 per cent in world meat prices, which followed hard on the heels of the Ottawa Conference. He handled the situation with characteristic vigour. He induced the South American Shippers of Chilled Beef to reduce their consignments in November and December 10 per cent below the level of the Ottawa year; they also agreed to cut their marketings of mutton and lamb by 20 per cent during the same two months, while the Dominions also agreed to a 10 per cent cut below Ottawa level, in mutton and

lamb. The import of Bacon and Hams was reduced at the same time by 17 per cent, and a slight temporary improvement ensued in the Christmas Meat market. Simultaneously the Fat Stock Reorganisation Commission was appointed.

There is no doubt that the regulation of imports was a contributing cause, as Britain was almost the only market for the exports of the Beef-raising countries. Global quotas, as the meat quotas were in effect, have the disadvantage of creating surplus in the exporting countries and thereby enabling the importing firms who control the meat price to buy and import at an even lower price than before, and thus widen the gap between home and imported supplies. Having effected a temporary alleviation of the troubles of the livestock industry, the Minister had time to consider the future. It was to marketing and marketing reorganisation that he turned for his long-term policy. He was fortunate in having almost ready to hand two very able and constructive reports from the Pigs and Milk Reorganisation Commissions.

The dominant criticism of the townsman has always been that the English farmer is inefficient in his methods of marketing his produce. The critics assert that the gap between the producer and the consumer, of which the farmer complains

so bitterly, could be bridged if the farmer was less individualistic and more ready to co-operate with his fellows in the sale of his wares. They point to the success of co-operation in Denmark, Australia and New Zealand. How far is this charge justified?

To take the last assertion first, all produce intended for export has to be bulked, and co-operation is essential. Anyone who fails to co-operate, loses his market. That is a very different matter from co-operation when you have a special market for your produce at your door.

Another answer to the critics lies in the fact that the countries, where marketing co-operation is strongest, have suffered equally during the economic collapse, if not worse, than British agriculture.

Co-operation alone does not strike at the root of the trouble—the fall in prices.

Prior to 1931 compulsory co-operation could not be enforced in this country. Voluntary co-operation failed again and again. The critics are on safer ground when they assert that the individualism of the farmer makes him a bad co-operator, than when they maintain that voluntary co-operation, with or without Protection, would have made him prosperous.

However, it is not entirely fair to say that the farmer has failed to co-operate in the past. He

has developed to a considerable extent co-operative buying of his requirements. The Eastern Counties Farmers Co-operative Society, for instance, had a turnover a few years back of well over a Million Pounds per year.

His efforts at selling co-operation have a somewhat melancholy history. English Hop Growers started in 1925 with 90 per cent of the English Growers co-operating. Hops were about the only English product then protected, and there was a prohibitive Tariff. For two years the scheme worked well and better prices were obtained, but the minority outside the scheme received the same prices, and more, as they had no overhead charges. The 10 per cent outside the scheme increased to 20 per cent, as new Growers started. The existing minority increased their acreage. By 1929 English Hop Growers collapsed, broken by the minority outside the scheme. The failure is particularly interesting in view of the fact that the present Hops Marketing Scheme under the Marketing Act has been a great success, and points to the fact that marketing schemes can only be successful when there is complete control of supply and a guarantee that supply will be regulated to demand.

The Scottish Milk Agency has a somewhat similar history. They failed however through a mistaken price policy. Flushed with success in

the first year, they overpaid their producers, and when a fall in demand ensued and they were left with surplus milk on their hands, they were forced to make a levy on their producers, which those outside the scheme escaped. The co-operators then broke away and the Agency came to an end.

Nearly every co-operative Bacon Factory—all, I believe, except one—has failed. Members used to send their pigs when the factory prices were high, but when they were lower than the general price, they were starved of pigs. In consequence their output was always irregular and they could not market their bacon.

Voluntary co-operation in England seems to show therefore that not only is the farmer a bad selling co-operator, but that he was justified in being slow to enter into voluntary co-operative schemes. He can be acquitted however of the charge of not having made any effort to improve his marketing efficiency.

In 1931 the Labour Party introduced the first Marketing Act, under which a majority of producers voting in favour of a scheme could compel all producers of the commodity in question to co-operate in the scheme. The Act is the foundation of our later marketing organisation, but it was never put into operation except in the case of Hops, because it failed to regulate the supply

of a very large minority, the overseas producers. The Labour Party were unwilling to face up to the need for Protection. Hops already had a prohibitive Tariff, and all that was wanted in their case was compulsion. The farmers fought shy of this Act—experience had taught them that a minority will always wreck a scheme, and it did not matter whether that minority was at home or overseas. Unless you have some power to equate supply and demand, organisation will most probably only result in increased overhead charges.

It may be argued that the natural law of supply and demand will operate; so it will in the long run, but it is made more difficult by the fact that owing to the economic nationalism of practically every European country, nearly all the world's surplus food has only one objective, and that is the United Kingdom market.

The Government therefore passed a second Marketing Act in 1933, which gave power to regulate imports while a scheme is in operation or when it is in course of preparation. In fact, while the 1931 Act provided the machinery, the 1933 Act provided the inducement.

The adoption of the semi-socialistic marketing schemes as the basis of the National Government's long-term policy was a somewhat bitter pill to many supporters of the Conservative



Party. They felt that more benefit could have been given to the farmers by a straightforward Tariff, combined with Imperial Preference, and the possible earmarking of some of the revenue from these sources for the subsidising of Agriculture.

The success of the Wheat Act points to the smooth working of such a Policy. But, so far as the Minister was concerned, his hands were tied, even if he had wished to do otherwise. The decision against a general tariff policy for agriculture had been made before he took office. Furthermore, the Pig and Milk Commissions had been set up, and he could not refuse to act on their Reports unless they had put forward utterly useless proposals.

The farmers were ready to support the schemes because they saw in the 1933 Act the only chance of getting effective Protection. The Public were ready to support regulation of imports so long as there was organisation at home and they could feel assured that if a gap was created in imported supply, orderly marketing would fill the gap, and that imports would only be regulated in accordance with an ascertained demand.

The support of the farming community for the marketing schemes, once they were assured of a square deal, has been little short of astonishing and has confounded all their critics.

It was not mere chance that Pigs and Milk were selected for the first large experiments in marketing. They were the most universally produced commodities, and both were especially suitable for production by the small farmer and the small-holder.

The Report of the Pigs Reorganisation Commission showed that the difficulty of reconstructing the Pig position in this country lay in the fact that the pig producer had two alternative markets: bacon and hams, or pork. He had been accustomed to divert his supply to either market as current prices dictated. The pork pig type is not suitable for bacon, and therefore many of the pigs received by bacon-curers when bacon prices were remunerative were not of first bacon quality.

As for reasons of disease there was an embargo on the importation of fresh pork, the pork market had the greater attraction for the farmer, and the home production was capable of nearly filling national requirements. On the other hand, we only produced about one-eighth of our bacon supply.

The Commission decided in favour of an expansion of the home bacon industry. They also decided not to include pork pigs in the scheme, as it was thought that the guaranteed market for bacon would automatically regulate pork supplies.

Besides, with Meat on the free list, there was likely to be an increase in imports from the Dominions, which would counterbalance any shortage of pork.

Expansion of the home bacon industry depended upon two factors:—stability of price to the producer, and regularity of supply to the curers. To produce stability of price it was essential to smooth out the “pig cycle.” The market for pig products had alternated violently in two- or three-year cycles with unfailing regularity. The pig is a prolific animal, and when prices were high, the pig-breeder rapidly increased his supply, and two years later there was over-production, prices fell and so did the number of pigs. There was an inverted cycle as regards feeding-stuffs, pigs being cheapest when feeding-stuffs were dearest. The Commission decided that stability of price, and the elimination of the pig-cycle could be obtained by contracts made between producers and curers for the period of twelve months at prices based upon the cost of feeding-stuffs.

To give regularity of supply to curers, imports of bacon from abroad were to be regulated by sliding-scale quotas based upon the visible supply of home bacon.

The scheme was put into operation in September, 1933. It is a double-decker scheme;

the Pigs Marketing Board, representing the Producers, buys the pigs from, and makes the contracts with, the producers; the Bacon Marketing Board, composed of Curers, receives the pigs from the Pigs Marketing Board, manufactures the bacon, and is responsible for the sale of the bacon. All bacon producers have to be registered and no bacon pig is allowed to be sold except to the Pigs Marketing Board. Producers have to contract to sell so many pigs each month, with a 10 per cent toleration each way.

At present the contract period is for 8 months ahead, but the new contract for 1935 is for a whole year. Pigs have to conform to the standard bacon weights, and payment is made on a quality basis in addition to the guaranteed price, grade C being the standard price pig, with two grades above and two below.

Unfortunately one important departure has had to be made from the original scheme. The Curers have found it impossible to continue payments based entirely on production costs, and have had to include the price of bacon as an additional factor.

This alteration may endanger in time the fundamental principle of a marketing scheme, that the producer should get a fairer share of what the consumer pays.

An interesting illustration of the difficulties of

reconstruction came at the very start of the scheme. The first Contract Period was for four months, and in place of the anticipated contracts for pigs at the rate of  $1\frac{3}{4}$  million cwt. of bacon per annum, pigs were forthcoming at the rate of 3 million cwt. a year.

Foreign bacon had been cut by 17 per cent by voluntary agreement, at the end of 1932, but the supplies were still in advance of the demand, and prices for English bacon were low. Faced with the unexpectedly heavy home supply, which had been caused by the diversion of pigs from the pork market, at the time when realisation was bad, the Bacon Marketing Board was forced to apply to the Minister for financial help in view of their losses. An Act was rapidly passed through Parliament, authorising loans to Marketing Boards, and the Curers were lent a total sum of £160,000, which has been, and still is, being repaid by a levy on all bacon pigs.

Without this assistance the scheme would undoubtedly have been wrecked at its inception.

At the same time the Minister approached the exporting countries and asked them to cut their exports voluntarily a further 20 per cent.

The Reorganisation Commission had drawn attention to the enormous increase in bacon imports in the years immediately preceding the start of the scheme. The average of 1929-1931 had

been 9,534,326 cwt., and the imports in 1932 had risen to 11,390,839 cwt. The Commission had recommended a fixed total of 10,670,000 cwt. from all sources, both home and foreign, as a suitable figure for the total home supply. The Minister's appeal to foreign countries for a further voluntary restriction of imports having failed, on November 7th, 1933, therefore, the first compulsory order regulating imports under the 1933 Marketing Act was issued, by which imports were cut a further 16 per cent. Quotas were allotted to foreign countries in accordance with their average imports for the previous three years. This further suspension of imports, making a total cut of 33 per cent on the 1931-1932 imports, brought a rise in bacon prices, which enabled the curers to change their losses into profits and ensured the stability of the scheme.

The scheme has now been in operation for a year and has brought security and a small profit to the producers. It has also indirectly improved the pork market.

There does not appear to be any difficulty in disposing of the home bacon supply, the quality of which has much improved owing to the stringent conditions laid down in the contracts. The consumer had to face a rise in price at the beginning of the scheme, but as the home supply became a more constant factor and import quotas

were extended, prices became steadier.

In December, 1933, streaky bacon was  $2\frac{1}{2}$ d. a lb. above January but it was still well below the level of 1930.

There has been a considerable rise in the price of Danish bacon—some 27 per cent—and it now differs little from English in price, which accounts for the ease with which the home supply has found a market.

On the whole, therefore, the Pig Scheme may be said to have worked with considerable smoothness. At the time of writing there is a difficulty in obtaining the requisite number of pigs for the 1935 Contract year. This is due in all probability to the rise in the price of feeding stuff. A set-back to the Marketing Schemes when they are just beginning to emerge from their teething troubles would be a disaster, and all pig producers would once more be exposed to the full blast of world competition.

The problem however was a much simpler one than that which confronted the milk producers of this country.

The Milk Marketing Board was called upon to take over, at a moment's notice, the whole of the milk in this country, a business involving a turnover of £55,000,000 a year, and to arrange for its disposal. The extent of this proposition will be realised when one remembers that it is bigger

than the output of the whole iron, steel and engineering industries in this country. Under the scheme Producers still make their own arrangements with their buyers, but if the producer fails to find a purchaser, the Board must take over his milk and pay him for it. Prices are fixed by the Board after consultation with the distributors, and if no agreement is reached, arbitrators are appointed by the Minister. Produce-Retailers, whose inclusion in the scheme was a *sine qua non*, sell their milk as before, but under a licence from the Board. The inducement that brought them into the scheme was their protection from under-cutting of the retail price.

Before explaining in more detail the way in which the arrangements briefly sketched above work in practice, it is desirable to give a picture of the conditions which the Milk Board had to meet.

In the first place there was a large quantity of milk surplus to liquid requirements. Increased production had resulted from the fact that milk had been the only agricultural commodity that had not fallen drastically in price, the index figure remaining in the neighbourhood of 150.

In addition, it meant a fortnightly cheque to the farmer to meet the wages bill. The West had deserted cheese and butter production; the East had turned from the production of corn at



ruinous prices to producing milk from arable land. The total production of milk had risen from 1,117 million gallons in 1924-1925 to 1,349 million in 1932-1933—a rise of over 20 per cent.

Free entry for dairy products had been given to Dominion exporters of butter, cheese and processed milk, at Ottawa. 87 per cent of the imports on cheese was Empire, and over 50 per cent of the butter, so that the Tariffs on these commodities were unlikely to have much effect. There was moreover only a 15 per cent Tariff on cheese and 13 per cent on butter. There were Tariffs varying from 13 to 18 per cent on Processed Milk, and the bulk of these imports came from European countries. But the whole imported supply of processed milk only represented the milk of some 80,000 cows, whereas there were 3,000,000 cows in this country. Their total prohibition therefore would not have greatly helped the situation. While these imports were on a comparatively small scale, the total imports of dairy products represented 2,185 million gallons, or one and a half times the total of home production. As the bulk of these were Dominion, the Milk Scheme could not rely, as the Pig Scheme had, for any support in the limitation of Imports.

It must be remembered, too, that the Milk Board had to find a market for every drop of

milk in the country. Previously, the distributors had met the surplus by purchasing more than half their requirements at prices well below the agreed terms, and had also, since 1927, refused to buy an increasing number of dairies annually. By agreeing terms with the producers every autumn, which appeared to give a reasonable price, the distributors had put themselves right in the eyes of the public. They had then bought more than half their requirements at a lower price, and secured for themselves an excessive margin, to which the Milk Commission made pointed reference.

It was for this reason the Milk Board insisted on their right to fix prices.

To return to the Scheme, there was to be a pool of the whole sum realised by the sales of both liquid and manufacturing milk throughout the country. The country was divided into eleven regions, and level payments were to be made to producers irrespective of what use was made of their milk. Prices for each month were fixed for the whole country; certain deductions were then made to compensate the regions where most manufacturing milk was produced, mainly in the West, and after that small adjustments were made to give a slightly better price to the regions in the East, where the majority of the milk for liquid consumption was produced, the net result

being that all producers received, within a penny or two per gallon, the same price.

Producer-Retailers are only permitted to sell their milk at agreed prices for the district, and in return for this protection against under-cutting, pay a levy to the general pool of from 1d. to 1¾d. on each gallon they sell. At the inception of the scheme there was considerable confusion as to the prices, at which milk was to be retailed.

No definite zones were defined by the Milk Board as price-fixing areas.

In some cases large areas comprising two or three counties agreed on a fixed retail price, while in other parts of the country two or three villages resolved themselves into a price-fixing body.

In the resulting confusion the producer-retailers of a district often interpreted the protection from undercutting guaranteed to them by the Scheme as an invitation to raise the retail price of milk.

The consumers reaction in cutting down this the amount of milk purchased has had its effect in many districts, and the Milk Board has endeavoured to meet the situation by devising a new form of protection from undercutting for the producer-retailer.

Their safeguarding process has now been altered to a system of retail margins, by which country district retailers must not sell their milk

at a figure less than 8d. a gallon greater than the wholesale price, and in the big towns a ten-penny margin operates. For instance if milk wholesale is 1/- a gallon, the retailer must not sell at less than 1s. 8d. in the country. Latterly the Milk Board has, on receiving representatives from the retailers of an area that the agreed price was too high, agreed to a reduction, and this has already taken place in 150 areas, principally in the North.

The President of the National Farmers' Union has stated that two-thirds of the producers are better off.

Nevertheless if there had been no Milk Board, prices must have fallen. The Chairman of one of the big Combines prophesied in 1933 that there would be a fall of 4d. a gallon in the next year's prices.

The great difficulty of the Board arises from the milk surplus to liquid requirements. The Commission estimated the requirements of the liquid market in 1931 as between 607 and 730 million gallons. This year liquid sales have been 520 million gallons, with a 27 per cent surplus.

Production is likely to be maintained, as the June census figures show a fractional increase in the number of dairy cows, and the flood of imports of dairy products has driven down the price of manufacturing milk to 3¾d. a gallon (the

price is based on the price of Canadian and New Zealand Cheese), and under the pooling system every gallon sold for manufacture reduces the price the farmer gets for his milk.

The Milk Board therefore was unable to stand alone in view of the difficulties caused by the State action at Ottawa, and recognising that some compensation must be given if the community ruined producers by insisting on imports of cheap food, the Government has come to the help of the Milk Board with an Emergency Measure in the form of a subsidy.

Nominally it is a repayable advance, but the terms of repayment are so lenient that it is, in effect, a subsidy.

The proposals are:—

1. To make good, for the period of two years, by payments to the Milk Board, the difference between the manufacturing price (at present  $3\frac{3}{4}$ d. a gallon) and the sum of 6d. per gallon in winter and 5d. per gallon in summer, on every gallon of milk sold for manufacturing purposes.

2. To allot £750,000 in all during the next four years towards the provision of a cleaner and purer milk supply; this sum to be devoted in particular to the eradication of tuberculosis.

3. To give £500,000 in each of the next two years towards helping the Milk Board to provide cheap milk for schoolchildren.

The last proposal will be of great value to the community as well as the Milk Board. Just under one million children in the elementary schools have been receiving milk at 1d. for one third of a pint. It will now be possible for the remaining four millions in the schools to obtain it if their schools make arrangements with the Board and they will get it at half price— $\frac{1}{2}$ d. for one-third of a pint. As the outstanding necessity for the Milk Board is to increase consumption of milk, this proposal seems to “kill two birds with one stone.”

The proposals for cleaning up the dairy herds will meet with general approval, but the subsidy towards manufacturing milk has been greatly misunderstood. I have heard it argued that when there is already a surplus it is madness to give a subsidy which would increase production further. The subsidy is only increasing the price of manufacturing milk to 5d. and 6d. a gallon and no farmer can afford to produce under 10d. a gallon, so that it cannot be an inducement to produce more. Its effect will be to add something between  $\frac{1}{4}$ d. and  $\frac{1}{2}$ d. a gallon to the general pool out of which payments for all milk are made.

With this assistance the Milk Board ought to be able to carry on, and the fact that they have been able to negotiate an agreement with the distributors for better prices for liquid milk for the

whole milk year 1934-1935 marks a great advance. The distributors have agreed to shoulder almost the whole of the increase in price, and it looks as if the Board has at last succeeded in bringing down the excessive margin of the distributors. The pitfall of a further raising of the price to the consumer has therefore been avoided.

Producers have shown their continued confidence in Marketing Reorganisation by their recent vote in favour of the adoption of a Potato Marketing Scheme. Potatoes are suffering from excess of home production, and the scheme proposes to operate on somewhat novel lines. Growers have to pay a fee of £5 an acre if they exceed their allotted acreage quota, and sales are to be regulated by the simple expedient of fixing the minimum size of potato that may be sold in any year. There would seem to be two dangers in this scheme. Acreage restrictions have always been evaded in the countries where they have been tried; and secondly, there are few imports of potatoes, which have a high tariff, and the scheme is practically putting a monopoly into the hands of the present growers. If this monopoly is used to hold the community to ransom, the public may turn against marketing schemes. The position is similar to the case of Hops. The Hops Marketing Board has held the brewers up to ransom, but hops form such a very tiny part of

the ingredients of beer, that the action of the Hops Board has caused no rise in price. A big rise in the price of potatoes to the consumer as a result of a marketing scheme would be most undesirable, and would prejudice the goodwill of the country towards agriculture.

The Marketing Schemes in being, or in process of arrangement, cover roughly 36.5 per cent of agricultural production. With the assistance given to Wheat, Horticulture, and the renewal for a year of the Sugar Beet Subsidy, some 60 per cent of agriculture had been assisted by the Government to a position of relative security.

The Meat problem—beef in particular—has been, and still is, an insoluble problem. In Scotland and the Midlands in particular, it is the mainstay of production. The emergency arrangements made by the Minister in November 1932 only held the situation for a month or two. Beef prices, which had averaged 44/10 a live cwt. in 1932, were 42/1 in January 1933, and had fallen to 37/7 in September, the average over the whole year being 39/8.

Mutton and lamb prices, which had crashed in 1931, showed a rise in the second half of 1932, and the improvement continued in 1933, the average being 9¾d. a lb. dead-weight, as compared with 8¾d. in 1932.

As regards Beef, the expected slight reduction



expected from Ottawa had not materialised. New Zealand had unexpectedly sent 60 per cent more than she had promised to send at Ottawa; on the other hand, Dominion supplies of mutton and lamb, which form 97 per cent of the imports, had fallen short by more than 5 per cent of the Ottawa estimate. The number of sheep at home in June of this year showed a decline of 8.1 per cent. There has been an increase of 75 per cent in the price of wool over the lowest point reached in 1932, and lambs have been fetching from 8/- to 10/- more than in 1932.

In view of these various factors there has been no need for emergency legislation for the sheep producers.

Nothing however seemed to go right for the Beef Producers. The Reorganisation Commission reported, and their Report, from which so much had been expected, was frankly a disappointment. It offered no constructive suggestions for increasing prices. Besides, the position of the Milk Marketing Board suggests that it would be most unwise to embark on a Marketing Scheme unless you have a greater control of imports than is possible at present. Under the Argentine Agreement we are precluded from imposing a Tariff on Beef until December 1936.

Regulation of Beef Imports has not proved as satisfactory as the restriction of Bacon Imports,

and is not likely to. In Beef two or three great meat-shipping interests control the shipments, and it is to their interest to evade the regulations. In Bacon, there are a number of countries competing, and if they break their quota, it is likely to be reduced when a fresh allotment is made. The Empire is still only a small exporter of bacon, and therefore there has not been the same uncertain factor of Empire shipment which has made beef regulation so difficult. A cut of 50 per cent in Irish Fat Cattle in January 1934 eased the situation temporarily, but smuggling across the Ulster Border has tempered its effects.

The Ottawa Meat Agreement terminated on June 30th, 1934, and negotiations were entered into with the Dominions and the Argentine for a further regulation of Imports.

Under the Argentine Agreement, shipments from that country may only be reduced *pari passu* with Dominion supplies. No agreement could be reached before Parliament rose, and the Government came to the help of the Beef Producers with a temporary subsidy to cover the winter six months, when the glut of home-fed cattle comes on to the market. A subsidy of 5/- a live cwt. (roughly £2 to £2 5s. a beast) is to be given on all fat cattle of a certain standard. Cow beef is however being excluded. The subsidy is estimated to cost £3,000,000.

At the same time the Government announced their intention to adopt a long-term policy consisting of a levy of 1d. a lb. on all imported beef, with a Preference to the Dominions. The proceeds of the levy are to be devoted to making a guaranteed payment to home producers, and is to be combined with regulation of Imports.

The long-term policy seems to mark a swing back from Socialist to Conservative principles, and is founded on the very great success of the Wheat Act.

At present we produce 43 per cent of our beef and 46 per cent of our mutton at home. There seems no agricultural reason why our production should not be expanded much farther.

The necessities of our export trade will probably prove a limiting factor, but an expansion to 60 per cent at least ought to be our objective. If however we are to expand, a settled long-term policy is a fundamental necessity.

Having temporarily alleviated the position of the Beef producers once more, Mr. Elliot's troubles were by no means at an end. The position of the Poultry producers is becoming acute. Home production of eggs has increased from 50 per cent of the total supplies in 1930 to 74.9 per cent in 1934. Like beef, there has been a progressive decline in prices, until to-day they are well below pre-war.

Under the Danish agreement, no increase in Tariff protection is possible till late 1937, and the present *ad valorem* Tariff, varying between 8 and 15 per cent at the different seasons, is totally inadequate. There has been, however, thanks to the Tariff and a "gentleman's agreement" for regulation of imports, a fall since 1930 of 33 per cent in the imports, but this does not compensate for the increase in home production. Once again we are up against the problem of agriculture and the export trade. If Lancashire wants to sell textiles, we must buy the insanitary Chinese liquid egg to give China money to pay for the textiles.

As to the future, the Report of the Egg and Poultry Commission is expected to be issued shortly. It is difficult to foresee their recommendations. At present, in addition to 75 per cent of our eggs, we produce about 66 per cent of our poultry supply. Excluding the Irish Free State, 14 per cent of our eggs, and only 2.9 per cent of our poultry imports come from the Empire. There will probably have to be some limitation of production at home, but it would seem that it is possible, in view of the large imports from foreign sources, to effect still further reductions in the imports. Some further assistance is particularly needed, as so many poultry producers rely on their production as their sole means of livelihood.

One other matter of policy is likely to engage the Government's attention at an early date, and that is the future of the Sugar Beet Industry. The Sugar Beet Subsidy came to an end last year, but the Government decided to extend it for one more year. The subsidy has been much criticised. It has cost the State in nine years 30 million pounds, in direct payments, and 12 millions in loss of Customs Duties on the equivalent amount of imported sugar, the rate of Excise Duty being half that of the Customs Duty.

On the other hand, it has become of immense importance to Eastern England, and could be grown almost anywhere in Great Britain if the factories were available. Just under 400,000 acres are being grown this year; there are over 40,000 growers; 10,000 employed in the factories; more than 60,000 men engaged in its cultivation.

It must be remembered that the subsidy is now much lower than in the first six years of the subsidy period, and at present amounts to about £3,300,000 per annum. Every European country subsidises or protects its Sugar Beet, and to grow a quarter of our sugar at home must be an insurance.

The subsidy actually gives more employment, per Million Pounds spent, than any other method of spending Government money. If the Government can give Three Million Pounds to the Beef

Producers in six months, it ought not to refuse smaller help to arable England.

One way of solving the problem, if the subsidy is dropped, would be to increase the Duty on Sugar by rather less than  $\frac{1}{4}$ d. a lb., and make guaranteed payments on the lines of the Wheat Act.

The story of the National Government and Agriculture during its first three years has been surveyed. At any rate it can be said that the Government has given the farmer stability and security in a time of unparalleled depression. In October 1931 the agricultural index figure stood at 113. In June 1933 it stood at 100. To-day it stands at 115, including the Wheat but excluding the Beef payments.

It is noteworthy by comparison that during the Labour Government the index figures fell by 23 points in just over two years. Even more interesting is the comparison with the retail price of food. This has dropped 19 points during the time of the National Government. It would appear that the Government has succeeded in slightly raising wholesale prices during a period of falling retail prices. The Government's policy has therefore achieved that which for so long appeared insoluble, the narrowing of the gap between the producer and the consumer.

It has been pointed out that up to June 1933

the agricultural worker had not, as far as his wages were concerned, shared in the fall in agricultural values. His loss had been 3 per cent since 1926, and prices had fallen by more than 40 per cent. The purchasing power of his wages had increased from 1926-1933 by 33 per cent. Since prices touched bottom in June 1933 and have begun to rise as the result of the Government's policy, 27 counties have raised wages or reduced hours, and Mr. Elliot was able to state recently that 300,000 farm workers had had their position improved in the last year.

The average minimum wage is now 30s. 11½d., as compared with 30s. 6½d. a year ago.

The index figure stands at 72 per cent above pre-war, as compared with 64 in industry.

In my own county, wages were reduced under the Labour Government from 30s. od. to 28s. od., and under the National Government they have been restored to 30/-. When there was seen to be an increase of 17,600 employed on the land last year, it was hoped that the flight from the land had been arrested, but a loss of a further 27,500 this year has disappointed expectations. It is no doubt due to increased mechanisation, and the increase of specialisation which makes for output per man rather than output per acre.

With the increased unemployment, it is to be hoped that the new Unemployment Insurance

Statutory Committee will recommend a scheme of insurance for agriculture.

There have been two notable omissions in the policy of the Government: No additional Credit facilities have been provided, and no additional Small Holdings have been started. Both would probably have been disastrous in a time of falling prices, but now that the turn of the tide has come, fresh capital and more intensive production are needed, and both questions ought to be given serious consideration.

The main feature of the National Government's policy has been its scope, and its elasticity. Effective assistance has been rendered to every branch of agriculture except the poultry producers, and even in their case the position would have been far worse if there had been no Protection. Every known method of resuscitation except Import Boards has been tried. Each branch of agriculture presented its own special difficulties and demanded special treatment. All the new Measures have this in common—to quote Mr. Elliot:—"They are all based on the fundamental principle, a new principle in this country, that the community recognises that it does not pay to allow home agricultural producers to be forced out of business by ruinously low prices, and this must be avoided at all costs; if need be, at some sacrifice on the part of the nation as a



whole." In other words, agriculture is an economic necessity to the nation. It is still the largest employing industry, and if the community demands cheap food and thereby ruins the agricultural producers, compensation must be paid by the State to keep agriculture alive. We have seen this principle applied in the subsidies to the staple foods of the people: wheat, beef, and dairy produce. Subsidies, if unlimited, are a danger to the State and tend to encourage the inefficient producer. In the Wheat and Milk Subsidy policies, there has therefore been a limitation of the State's liability.

The objective of the Government has been to plan agriculture and build it on foundations firm enough to maintain stability under any conditions. Schemes of marketing reorganisation have formed the basis of the long-term policy. The problem has been to effect that reorganisation without giving the sub-marginal producer unnecessary encouragement and thus impairing farming efficiency, and also, even more important, to prevent schemes leading to a monopoly which would mean exploitation of the consumer.

No one principle can be said to underlie even marketing schemes. The schemes have been evolved by entirely different groups of people; the Pigs and Milk schemes by bodies of public officials and business men; the Hops and the

Potato schemes by the producers themselves. It is noteworthy however that the schemes evolved by the producers tend towards the establishment of a monopoly, and it would be wiser in the future if the evolution of marketing schemes were left to independent and unprejudiced bodies.

Price is the one problem common to all the schemes, and in every case a different method has been adopted. In Hops, growers fix the price; with Bacon there is an automatic sliding scale based on production costs and realisation values; in Milk, price-fixing by agreement between producers and distributors; and in Potatoes, no direct price-fixing, but regulation of the market by internal limitation and external Protection.

The comparative success of the Marketing Schemes in the short time that they have been in operation gives confidence for the future, and appears to justify the claim that planning of production and distribution was the factor that agriculture lacked. The introduction of grading on a larger scale is needed to give the best producers an incentive to continue to produce high-grade produce.

It has been demonstrated in the course of this chapter that Marketing Schemes cannot operate without Protection, and, conversely, Protection is not necessarily in itself a panacea for agricultural troubles unless accompanied by organisation. It

is equally apparent that the Protection must be sufficient or flexible enough to ensure control of supplies. If it is insufficient, then the compensating subsidy principle must be employed. If the subsidy is employed, it is desirable that there should be moderate Protection, the revenue from which can be employed in subsidising the commodity in question. This meets Conservative objections to the Socialistic principles of the marketing schemes, but it must be remembered that the schemes are producers' schemes, run by producers for the benefit of producers, and do little to interfere with private enterprise. The individual is left entirely free to develop his own lines of production.

As regards the future, no definite objective, no limit to expansion, has been laid down. We produce about 35 per cent of our national food requirements to-day; it is not likely that we should seriously damage our export trade if we produced 50 per cent; expansion must depend upon industrial requirements, but equally one essential factor for agriculture is that no more trade agreements should be made in which the right to impose a tariff on agricultural products is forfeited.

We are rebuilding agriculture steadily and securely. We can only build on firm foundations if our hands are free.

# FOREIGN AFFAIRS

BY P. V. EMRYS-EVANS, M.P.,  
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## (i) *Nationalism and Internationalism*

THE present disturbed condition of Europe and other parts of the world has produced a tendency to speak of the situation as pregnant with greater dangers than those which overshadowed civilisation in the years before 1914. It is true that if the calamity of another war overtook mankind, mechanical and scientific developments would make it an even greater and more complete catastrophe. At the same time the political position is, in spite of all that is occurring to-day and of the deterioration which has taken place in the last two years, by no means as black as it is sometimes painted. As Mr. Eden said, speaking at the Annual Dinner of the Royal Institute of International Affairs on July 9th, 1934: "The characterising phenomenon of world conditions to-day is rather their fluid than their desperate state, and where there is movement there is always hope just precisely because there is scope for endeavour."

Great changes in diplomatic methods have taken place since 1914. In the days when the Bismarckian technique dominated diplomacy it was a common practice to conclude treaties the whole or part of which was kept secret. General tendencies could not be concealed, but nations never knew for certain what combinations might not be maturing against them. They hastily sought to insure themselves against their suspicions by contriving counterplots. The whole atmosphere of international politics was thus infused with a maximum of intrigue and distrust. Little was revealed to the general public of the manoeuvres in progress. Important commitments abroad might be quite unrealised. The country might find itself at war without any real appreciation of the issues.

Such methods may have been all very well when fighting was conducted by professional armies and large sections of the population were hardly more than spectators of the struggle. They are impossible to-day when armed conflict involves the mobilisation of the whole nation and its resources. Public opinion insists on being informed of the issues upon which peace or war may depend. International affairs have to be conducted in the open. Foreign politics are no longer regarded as a mystery on which the man in the street cannot expect to have an opinion.

Even in countries which have submitted to dictatorships and where public opinion, as we understand it, no longer exists, the mobilisation of national feeling towards the outside world is regarded as a primary objective of official propaganda. In our own and other democratic countries every Government seeks the understanding and support of the electorate for its actions abroad. Although Governments have less freedom of action in the foreign than the domestic field and the need for continuity of policy to some extent lifts the subject out of the arena of party conflict, no expression of the Conservative point of view would be complete without a survey of foreign affairs.

A great effort was made at the Peace Conference to re-establish international relations on a basis that would prevent a recurrence of the conditions that led to the war. The establishment of the League of Nations represented a belief in two things; first, that a basis of mutual co-operation between all countries would eliminate the danger of systems of alliances whose antagonism had forced practically the whole world into one of two hostile camps; secondly, that machinery could be created for the settlement by pacific means of many disputes which had hitherto been settled by force. The Covenant of the League of Nations did not exclude war

as a last resort, but laid down judicial, arbitral and conciliatory procedure through which all disputes were to pass before war could be declared. The penalty for disregarding the rules of the Covenant was to be the severance of economic relations with any offending party.

The practical working out of this conception has proved more difficult than was anticipated. The association of the League with the Treaty of Versailles has made it suspect to those who are not prepared to accept that document as a permanent settlement. The failure to achieve universality has hampered the development of the new system. The abstention of the United States, in particular, has immensely added to the difficulty of applying economic sanctions, quite apart from the doubt thrown by other considerations on the efficacy of this method of imposing international discipline. The result has been a return to the cruder methods of attaining national objectives by national power. Japan has gone her own way in the Far East. Germany's claim to equality of rights, however morally defensible, is in effect a claim to put herself in the position of being able to force a readjustment of the peace settlement. France has no intention of relinquishing her present military superiority except in return for equivalent military guarantees from other countries. The time

has clearly come when what is sometimes called the "collective system" of international affairs must be adjusted to realities if the work of the last sixteen years is not to be undone.

Before discussing the situation with which we are actually faced to-day and the approach we should like to see made to it, reference must be made to a point of view which has done much to obscure the issues by insisting on the desirable at the expense of the possible. Certain sections of public opinion treated the League as a new dispensation. The use of the word "Covenant" for its fundamental statutes suggested a pact of religious solemnity. The League was expected not only to inaugurate a new era of peace and goodwill, but to maintain it. An ebullient idealism, released by the starkness of the war years, tended to assume the immediate realisation of aims towards which only the first steps had been taken. This state of mind has not helped the League. The inclination to make the system envisaged by the Covenant more complete and perfect, to "fill the gaps" in the Covenant as it is sometimes put, to tighten up and expand the rules so as to establish a definite code of obligations and penalties pre-supposes a condition of affairs that does not in fact exist. It pre-supposes a goodwill, a reasonableness, a consideration for other points of view, a readi-



ness to renounce the rights of sovereignty, which are if anything less manifest to-day than they were in 1918. It was perhaps excusable that after the war people should imagine that a change of heart might bring a new spirit into international affairs. Too much was expected of human nature. Noble aspirations have had to be modified. The higher the aim the greater the disillusionment of thwarted achievement.

The League has done neither so much as enthusiasts anticipated nor so little as sceptics predicted. Its existence, however, is a fact and, what is more, a new fact in world affairs. The sensible thing is not to waste time in belauding or decrying it, but to see what beneficial use can be made of it.

The initial difficulty in getting nations to work together is obviously their variety of outlook. Yet it is a common error to attribute our own standards of action and modes of thought to other peoples. Before modern transport made the world smaller, communities could live in water-tight compartments. Relations were maintained with immediate neighbours, but there was no attempt to do more than arrange a *modus vivendi* without troubling or indeed wishing to understand the ways of life in remoter countries.\* The closer association of nations has

\*E.g., the system of Capitulations in the Near and Middle East, the system

actually resulted in making the differences between them more prominent. There is no more equality among nations than among the men who compose them. Differences in development, wealth, temperament, traditions and ideals divide peoples. It is not surprising that the League of Nations should have found its progress checkered and slow.

The League was created to reconcile conflicting points of view and to find the greatest common measure of international agreement, not to impose a revelation from on high. It consists of the States which join it. It does not exist apart from them and has nothing to do with the form of Government or the social system that happens to prevail in any one or other of them. The League is made up of and works through national units, and could indeed act or live in no other way. There would be no hope on any other basis of bringing together so many varied peoples which are governed by such different methods.

The trend of development in international affairs is not away from nationalism, but rather through nationalism to a new international order. Nationalism, as it is understood to-day, is of comparatively recent growth. It was only during the nineteenth century that nationalism

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of "factories" in India, the system of Treaty Ports and Settlements in the Far East. There were no independent States outside Europe, Asia, and the northern fringe of Africa until towards the end of the 18th century.

became prominent in a large part of Europe. Peoples such as the Germans and Italians, who were formerly divided among many different rulers, grew into united States. Heterogeneous Empires such as Austria-Hungary and Turkey, containing many different peoples, became weaker. Both the last-named have dissolved into their component national parts. One of the results of the war was to create many new nations, whose very existence has given rise to many new problems.

The instinct of self-preservation was uppermost in the minds of those who governed the new States which came into existence as the result of the war. They supported the League because they felt that the League was the one body through which they could make themselves felt, and by which their integrity could be maintained. They were, however, convinced that only by putting their defences in order could they hope to feel any sense of security, and they interpreted defence as meaning something more than military preparedness. The blockade of the Central Powers by the Allies impressed them with the necessity for economic self-sufficiency. They determined to develop their local industries without waiting to consider whether it was sound to do so from an economic point of view. Industries which could not hold their own were

protected by ever-growing tariff walls. Economic nationalism has powerful political motives behind it.

It is popular to decry nationalism and to see in its development the root of much, if not all, of the evil which has arisen in Europe during recent years. Yet it is possible for nations to grow up and live in such close association with one another that it is difficult to tell where separateness ends and unity begins. During the last century the British Empire has been engaged in creating new nations. The development of the Dominions into national units is an example of a commonwealth which has grown stronger as the result of national development. Unless self-government had been willingly granted, the structure of the British Empire would have been weaker, if indeed it had held together at all. It has grown into an association of States which have so many interests in common and whose relationship is so close that it is inconceivable that any dispute could not be settled on a basis of law and reason. In the acknowledgment of national rights, national interests and national duties lies the inherent strength of what appears to be a loose combination of countries. The frank recognition of these facts has gradually removed fears from the public mind in various parts of the Empire.

British policy is therefore governed by a belief in a sound form of nationalism as a basis for any further advance.

In these circumstances it would be superfluous to say that British interests are the primary concern of British foreign policy were it not for a type of internationalism which maintains that British interests ought to be subordinated to world interests. This internationalism is based partly, but not wholly, on the theory of international class solidarity. Internationalism of this kind is alien to British traditions and would in present conditions tend to weaken rather than strengthen the forces which are making for peace.

World unity can be achieved in only three ways. The first is by the domination of a single State. This method has been tried by the great conquerors of history and it was unsuccessfully attempted by Germany in 1914. The second line of approach is by imposing a social theory. This policy was followed by the Bolsheviks in their endeavour to bring about the Communist World Revolution, but their efforts have failed. The third is by some sort of voluntary world federation, which would no doubt need a supernational authority for certain purposes. Such a federation may evolve some day, just as regional federations have evolved in the past. The idea is

an interesting one for speculation, but it cannot form the basis for a foreign policy at the present time, nor would it become so, however many declarations were signed proclaiming the Commonwealth of Humanity and drawing up rules for its administration. The actual fact is that international interests are created only by the identity of national interests.

British foreign policy, in order to be effective, must take up a definite position towards other countries and must therefore of necessity proceed from a national standpoint. A British national policy does not, however, mean a selfish policy or an attitude of indifference to the rest of the world. Few countries are in a position which enables them to contribute more towards the better development of international relations. Great Britain with her wide interests throughout the world is a link between Europe and other continents. She is a nerve centre particularly sensitive to international developments, seeking no territorial expansion, nursing no wounds, and with no defeats to avenge. She is singularly free from temptations to aggression. With a people devoted to peace and anxious to co-operate with other nations there is no conceivable reason why she should make war an instrument of national policy.

If, however, aggression may be dismissed from

any possible development of British policy, defence must form an important and indispensable part of it. No great country can be left without adequate defences or sufficient strength to make its weight felt in the councils of the world. To possess insufficient authority would compel the nation to acquiesce in actions which it had not the power to prevent. As no super-State exists or is likely to exist in any period which can at present be foreseen, it is not only the right but the imperative duty of a country to be strong enough to maintain not only its national position, but also its international commitments. To neglect such elementary precautions might mean grave danger to the Empire, the collapse of which would involve endless disturbing consequences.

(ii) *The Existing Situation*

There is no hiding the fact that the possibility of war in Europe has increased within the last two years, nor is there any doubt that the main reason is the advent to power of the Nazi régime in Germany. Up till then it seemed that the asperities of the Treaty of Versailles might gradually be smoothed away until the distinction between victors and vanquished disappeared and readjustments could be negotiated in the

atmosphere and with the machinery that it was the purpose of the League of Nations to create. Such hopes are, to say the least of it, more unlikely to materialise under present circumstances.

No one has ever claimed that the Peace Treaties were the last word in wisdom. They must, however, be taken as the basis of any survey of the post-war world. The situations which they created are the situations with which we are dealing to-day. In so far as they failed to settle what were often incompatible aspirations, they sowed a crop of discord which we are now harvesting. The map of Europe cannot be redrawn without pain and travail and heavy labour. And for all that Europe may seem from the distant perspective of other continents as a nest of small and angry insects, it is yet the fact that what goes on in Europe sends tremors round the globe. For this reason, if for no other, peace in Europe, where peace is actually most in danger, must be the first preoccupation of international attention.

It is easy to be wise after the event and to inveigh against the mismanagement of the Peace Conference. But it is in the nature of Peace Conferences that they take place in the worst possible atmosphere for calm deliberation. Tempers are still hot; nerves are still frayed. The claims



of belligerents are apt to be decided in terms of rewards and penalties. The impossibility of destroying Germany as a political entity, as was done in the case of Austria-Hungary, should have made plain the danger of allowing a country which was to remain a Great Power from nursing too vehement a sense of grievance. If the victors were not prepared to smash up Germany it was a mistake for them to ask more of her than she could be expected to fulfil without being forced to do so. France found it particularly difficult to realise this. Twice invaded by Germany within living memory, she would have liked to undo Bismarck's work of unification. Her Allies would not agree to this course. She compromised by accepting a guarantee of the Franco-Belgian frontier with Germany. This undertaking fell through when the United States dissociated herself from the Peace Settlement. Deprived of what she considered necessary to her security, France has ever since been fighting a diplomatic rearguard action against the release of Germany from the servitudes of the Treaty of Versailles.

Nevertheless, the trend of events has been towards the disappearance of these servitudes and the replacement of the terms of a dictated peace by agreements voluntarily entered into by Germany and accepted by her as constituting permanent settlements. Thus did Germany

agree in the Locarno Treaties not to alter her new frontiers by force, on the understanding that she joined the League of Nations as a Great Power with a permanent seat on the Council, thereby resuming her old position in the comity of nations. Thus was it implicitly acknowledged at the Lausanne Conference that the Reparations issue was dead and buried. Thus was it hoped that a Disarmament Convention could be reached to satisfy German claims for equality of military status without enabling her to become once more a menace.

Each of the agreements which have been sought has involved very considerable concessions to the German point of view. It is true that the Locarno Treaties went far to meet the security requirements of France and those other countries which acquired former German territory, but the guarantees in the treaties did not go far enough to allay the anxieties produced by the manifestations of Germany's powers of economic and political recuperation. The previous failure of efforts to secure a more general acceptance of international military obligations by the abortive Treaty of Mutual Assistance and the Geneva Protocol was evidence to France and those countries which shared her point of view that security must still rest on national resources.

So long as the democratic system of government inaugurated by the Weimar Constitution immediately after the war survived, it was felt that the dangers of German recovery could be compensated for by the strengthening of moderate German opinion. A Nationalist or Communist Germany would obviously be more difficult to deal with. Unfortunately, for reasons by no means confined to the international situation, the National-Socialist movement acquired power. At the same time the exploitation of German grievances and the expressed determination to assert alleged German rights regardless of consequences was a considerable factor in producing the result.

The attitude of the new German Government was fatal to the Disarmament Conference, which had already been in existence for a year and whose progress had already been fraught with many vicissitudes. The German claim to equality, even as put forward by Dr. Brüning before the Nazi revolution, was difficult enough to reconcile with the French demand for security. So far the concessions made to Germany had not impaired French military superiority. There was no prospect of France relinquishing this advantage without compensations, but there were prospects of agreement, very largely owing to British efforts, on the basis of the abolition of

weapons of offence, the international supervision of every country's armaments, and undertakings of united action against infringements of the proposed Convention.

The behaviour of Germany upset all calculations. German leaders made speeches extolling war and proclaiming that the revival of their country depended on the people's readiness to stand up for its rights with arms in their hands. Sweeping aside the diplomatic labours of many years, Germany declared that if she was not given what she wanted at once she would help herself. She withdrew from the Disarmament Conference and resigned from the League of Nations. She began almost openly to re-arm. She instigated revolution in Austria with a view to bringing its five millions of German-speaking inhabitants under Nazi sway. She claimed the return of the Saar without waiting for the plebiscite which the Peace Treaty set down for 1935. It is hardly surprising that the countries round Germany should have paused to consider whether disarmament was really wise.

Enough has been said to show how much European stability depends on the state of Franco-German relations. When these are amicable the prospects of reaching a wider settlement of European problems are good. When they are disturbed no progress can be

made. The French and German points of view are both comprehensible. Neither is so unreasonable as one is often tempted to think. Realising the vital importance of the problem, Great Britain has consistently striven to reconcile them, so far without success.

For two and a half years the Disarmament Conference has held the centre of the European stage. Had events continued to move in the direction they had been following for some years past, a big step might have been taken towards the pacification of Europe. An international agreement for the reduction and limitation of armaments would be good in itself, because it would lessen the temptation to achieve the ends of national policy by *force majeure* or the threat of it, and would reduce the competition in armaments, with its attendant financial strain, which must inevitably result from such methods. A Disarmament Convention would, however, also settle one of the most serious outstanding problems of the Peace. The original idea was that general disarmament would naturally follow from the compulsory disarmament of the defeated Powers. It was assumed that the Peace Treaties would themselves provide the necessary underlying stability from which a Disarmament Convention could proceed. Such, as we have seen, did not prove to be the case. But it has

been pointed out that before the Nazi régime came into power new foundations were being laid. Growing political stability was making Disarmament possible and Disarmament would have set the seal on political stability. Now the edifice has been upset and must be re-erected.

The attempt to bring into being an ordered international system has received a check through the refusal of Germany to play her part, but it is not impossible that good may result in the end. The complete disregard for the general welfare of her neighbours by Germany has convinced them that, far from abandoning the machinery for collective action, the moment may be coming when it will really be needed. Russia has entered the League, seeking support against Germany on the one hand and Japan on the other. A common interest in Austrian independence has brought France and Italy nearer together than they have been for some years past. The development of Germany under the Nationalist-Socialist Government has tended to unite the rest of Europe.

The political isolation of Germany has had its counterpart in the economic field, for an effort is being made to create a state of self-sufficiency. The experiment is imposing a severe strain even on a people already inured to suffering. These measures, political, economic and military, are

all a part of the same policy for re-establishing and extending the influence and power of the German Empire. Europe can meet the menace only by strengthening the instruments which have been created to meet such dangers.

The political state of Europe has hamstrung the Disarmament Conference. Stability must, therefore, be brought about in Europe before there is any chance of the Conference reaching a satisfactory conclusion. But before discussing what British policy should be in this connection it is necessary to take into account the situation in another part of the globe, the Far East, which is also jeopardising the establishment of a settled international order. The two main theatres of disturbance in the world to-day are far apart, but cannot be treated in isolation.

The situation in the Far East has been governed by a series of Treaties concluded at the Washington Conference of 1921-22. To a large extent it has been beyond the purview of the League of Nations because two of the Powers primarily concerned have always been outside the League (until recently the U.S.A. and Russia, now the U.S.A. and Japan). The Washington Treaties provided:—

- (1) For the limitation of naval armaments on the basis of a 5:5:3 ratio as be-

tween Great Britain, the United States and Japan.

- (2) For the demilitarisation of Hong Kong, the Philippines and the Pacific Islands mandated to Japan.
- (3) For an undertaking by the nine Powers with interests in the Far East to maintain the territorial integrity of China and the economic policy of the "open door."
- (4) For consultation between Great Britain, the United States, Japan and France in certain eventualities.

The naval provisions were supplemented by the London Treaty of 1930.

One vital question was *not* tackled at Washington, namely, the vexed problem of the "Freedom of the Seas," in other words, of the rights of belligerents in interfering with the commerce of non-belligerents, a problem which brought Great Britain and the United States to war in 1812, nearly did so again in 1863, gave many anxious moments between 1914 and 1917, and has been an important factor in making economic sanctions impossible since the war.

Within the last two years the situation has been altered by events in Manchuria. This Chinese territory has been turned into a State,



nominally independent, but actually under Japanese protection. Whatever may be said in extenuation of Japanese action, there is no doubt that obligations under the Covenant and the Washington Treaties were disregarded with impunity. The Japanese position is, however, from a naval point of view, well-nigh impregnable. The nearest British and American bases, Singapore and Hawaii, are each 3,000 miles from Japan. Supposing, as has often been advocated, that economic sanctions had been applied to Japan, and assuming American co-operation to make them effective, even so Japan could have retaliated on the shipping and business assets of the blockading countries, at the risk of war it is true, but of a war in which it would have been exceedingly difficult to bring about decisive victory.

Another new factor in the Far East is the re-emergence of Russia as a military force. It is significant that the withdrawal of Japan and Germany from the League of Nations should have been the signal for Soviet Russia to join it. We are not concerned at the moment with the European side of things, but as regards the Far East it is clear that the old Russo-Japanese antagonism which led to war only thirty years ago is again assuming dangerous proportions. Japan has thrust Russia out of Manchuria, but

Russia is extending her influence into the Chinese territories of Mongolia and Turkestan. Japan feels exposed to air attack from Russia. Russia fears that Japan will try to get security by seizing her Siberian provinces east of Lake Baikal.

Next year the Washington Treaties come up for revision. There is to be a Conference which is often spoken of as if it was solely concerned with naval disarmament. But in the Far East, as in Europe, no Disarmament Conference can succeed unless the political issues which make countries unwilling to disarm are settled. The Anglo-American issue, the Russo-Japanese issue, the Chinese issue, the Pacific Security issue, will have to be faced.

The Far East plays a larger part in British foreign policy than it might otherwise do because of Imperial considerations. It is as vital to Canada, Australia and New Zealand that no foreign Power should dominate the Pacific as it is for Great Britain that none should dominate the continent of Europe. At present Japan is in somewhat the same position in the Far East as Germany is in Europe. She is causing her neighbours to unite against her. This country no more wants to be drawn into an anti-Japanese coalition than into an anti-German coalition. But vital issues for all the countries composing the

British Empire are involved. It would be well if it were more generally realised that the interests of Great Britain in Europe are balanced by the interests of the Dominions in the Pacific. The first step towards a wider collective security should be collective security within the Empire.

(iii) *Isolation or Association?*

Recent events and the realisation that much which was hoped for is unlikely to come to pass in the near future have led people in this country to re-examine the British position. One fundamental issue in particular has been raised. Should Great Britain seek peace by making herself so independent of the outside world as to be able to keep out of any war, or by collaborating with other nations in making wars so hazardous that everyone will be interested to avoid armed conflict? We believe that in practice neither line can be followed to the total exclusion of the other. An examination of the extreme doctrines based on each alternative should make this clear.

One school of thought is in favour of a policy of isolation. This presumably means resignation from the League of Nations, the denunciation of the Locarno Treaties, the repudiation of all

further responsibility for the consequences of the Peace Treaties, and an explicit declaration that this country would refuse to intervene in any circumstances in a European conflict. It also presumably means the possession of armed forces strong enough to enable this country to pursue its own course regardless of the opinions and actions of other countries. It is natural to want to keep out of war. This country has often tried to do so, but has always been drawn into major and general European conflicts. During a large part of the nineteenth century she succeeded in localising wars because no one dared challenge her sea-power and she could therefore hold the ring. The same predominance on the sea is not possible to-day. The financial burden of a two-Power standard would be intolerable. We are no longer much the richest country in the world. Moreover, conditions have changed with the advent of aircraft. The sea is no longer the barrier it used to be. Isolation is impracticable, even if it were desirable.

No country in the world was more devoted to the policy of isolation than the United States of America. Divided as she is from Europe by thousands of miles of ocean, she hoped to keep out of the last war, but in spite of all her efforts neutrality eventually became impossible. Too many American interests were affected for her to

escape from such an all-embracing struggle. The sympathies of her people, deeply divided at first, were in the end engaged fully on the allied side as the issues became clearer. The pressure of both moral and material forces was irresistible.

Since the war the United States has tried to return to isolation. She dissociated herself from any obligations in Europe at the cost of essentially weakening the peace settlement. She has become very largely wrapped up in her own internal problems. Yet because she is a World Power her isolation cannot be complete. Her shadow falls from time to time across the European scene. She cannot altogether forget that a conflict, European in origin, took American soldiers to fight on French battlefields. Nor can she ignore the possibility that history will repeat itself. Torn between the flow of events and the ebb of her inclinations, she has pursued a fitful and uncertain course, which has certainly not helped to clarify the situation.

The lessons of American experience apply with much greater force to this country, for war in Europe means war on our doorstep. Isolation would leave Great Britain friendless, but incapable of standing alone. In the absence of an unattainable economic self-sufficiency, her weakness would be so apparent as almost to invite attack. Her influence would rapidly become

negligible in the councils of the world. She would surrender all claims to leadership. The Dominions, who are deeply concerned with and closely attached to the new instruments for international co-operation, would look elsewhere for guidance. A policy so selfish, so irresponsible, so alien to British traditions and so disastrous to British interests cannot be seriously considered.

While the isolationists would cut off Great Britain from all external relationships and commitments, another section of opinion advocates a policy of accepting unlimited obligations abroad on behalf of what is described as "collective security." It is proposed that this country should give a general undertaking to intervene on behalf of any nation which the Council of the League of Nations shall have declared the victim of aggression. It is maintained that such a proposal is merely implementing Article XVI of the Covenant of the League. Article XVI deals with the use of economic pressure against a recalcitrant member of the League, but it has always been understood that each member shall decide what action it will or can take in any given case. Economic pressure appeared to be an effective weapon when the Covenant was framed, but it is now realised that economic pressure unsupported by the use of force in the last resort would be ineffective. A State against which

economic sanctions were put into operation could always call the bluff by treating them as acts of war. The present British Government has been reproached for not pressing at Geneva for measures to be taken against Japan for her actions in Manchuria, measures which might well have led to war. It is of course regrettable that Japan should have been able to violate both the Covenant and the Washington Treaties with impunity. The prestige of the League undoubtedly suffered, but it would not have been in the best interests of the world, especially at a time of acute economic depression, that fuel should have been added to the flames. It is possible that had the Council of the League issued an uncompromising and unanimous condemnation of the methods adopted by Japan at the outset of the trouble an effect would have been produced. Thereafter, no action could have been taken in the peculiar circumstances of the case that would have restrained Japan. In actual fact there were dangers in Europe which might have become acute if the members of the League had dissipated their strength by action which might well have developed into military measures.

The truth is that there is at present no general formula of collective action applicable to the violation of international obligations. There is no chance of such a thing until the co-operation

of the United States has been secured. No embargo on a large scale could be effective without her co-operation. Yet the United States is not a member of the League. If the League acted without her consent it would be doing so at the risk of serious complications. At the same time it does not follow that there are no circumstances in which effective collective action could be applied.

The supporters of unlimited obligations are often the same people who are in favour of unilateral disarmament. The right to fight a national war, even in self-defence, is denied to the nation, but it is asked to be prepared to fight for someone else, even though it has been deprived of the arms which would make its intervention effective. "Collective security" in such circumstances would become not a safeguard to peace, but a constant source of danger and uncertainty. Deprived of her freedom to decide on the right course to take in a crisis, a country would be for ever under the threat of being compelled to carry out some decision of the League in some part of the world in which it is only remotely concerned, while neglecting dangers nearer home. No nation could be expected to accept obligations which would amount to a surrender of its sovereignty.

In order to overcome the obvious difficulties



of such an international system the institution of an International Police Force (usually an International Air Force) to take the place of national forces has been suggested. It is hard to see how such a body could be effectively used except by an international authority approximating to the Government of a super-State. The Council of the League, where for very good reasons decisions have to be unanimous, would hardly be an appropriate body to conduct military operations. An International Staff would have to be formed with the almost superhuman task of devising plans for dealing with all countries as possible delinquents, plans which would need to be kept secret. The problems of organisation and recruitment bristle with difficulties.

Neither the policy of isolation nor of unlimited commitments offers a satisfactory basis for security. The first means standing alone in a state of ever-watchful anxiety. The second means never knowing when a call to arms might not be made. Recent experience of war makes this country anxious to avoid passing through similar experiences again. The realities are fully understood and no one wishes to undertake obligations unless it is clear that they are absolutely necessary. Everyone realises that under modern conditions war brings disaster and ruin to both victors and vanquished. Conflicts arise in most

cases from fear, and fear often prevents nations and their rulers from facing facts and realising the necessity of action before it is too late.

The outline of the goal to be reached has been laid down in the Briand-Kellogg Pact, by which practically every nation in the world proclaimed its renunciation of war as an instrument of national policy. It is true that the Pact merely affirmed principles and suggested no measures for dealing with violation. But at least it set a standard by which the action of any nation in going to war can be judged and which might have considerable effect in directing the moral influence of world opinion. The limitations within which any attempt to coerce the violator of international rules are recognised in the Covenant. The growth of a new international order will be governed, at any rate in its early stages, by these limitations. Any effort to work outside them will be an attempt to create an unreal system for which the world is not yet ready. These considerations must be a determining factor in the development of British foreign policy, but that Great Britain should associate herself with other countries in the effort to find a general and effective collective peace system there should be no doubt.

*(iv) The British Part*

An endeavour has been made to trace the recent course of international affairs and to set forth the principles which should govern the conduct of British foreign policy. It has been pointed out that the approach to international questions in the world as we find it must be through national points of view and that Great Britain can best contribute to international understanding by a frank and definite statement of her position. It has been shown that the geographical situation and the world-wide interests of this country impose upon her obligations from which she cannot escape. The question is not whether she should undertake commitments, for that has already been decided by events beyond her control, but only what the nature and the extent of those commitments should be. It has further been stated that the only way in which international affairs can be conducted as an orderly system is by the association of all nations with a common interest in the renunciation of war as an instrument of national policy and by the provision of mutual guarantees of security.

If this country is to make her influence felt in the coming years, it is essential that she should decide how these principles should be applied to

the present situation. Whatever course is followed there will be dangers. These dangers, however, are likely to be less if the policy determined upon is clear and resolute. The pre-war mind, thinking in terms of the old European system, is still influential. Having decided that the last conflict was inevitable it can see no way of guiding the stream of events into saner channels, and is reduced to aimless drift. This lack of policy cannot be accepted by a party or a government which realises the greatness of the dangers to which the world is exposed by indecision.

The first question which the country must decide is its attitude towards Europe. Great Britain must have a European policy, for two main reasons. In the first place she is so close to Europe that the attempt of any State or group of States to acquire predominance is a threat to her national existence. In the second place an unstable Europe means that she cannot devote her whole attention to her main preoccupation, the development of her Empire.

European stability means that Great Britain need give the minimum amount of thought to defence. From a military point of view she requires a navy to command the maritime approaches to her shores, to prevent invasion and to ensure adequate supplies of food and raw materials, an Air Force to prevent the paralysis

of her economic and psychological powers of resistance from the air, and an army as a last line of defence at home and for expeditions overseas. The size and composition of these armed forces, however, are governed by the feeling of security or insecurity arising from the international political situation. Some events would give greater cause for concern in this country than others. It is inevitable that the action which Great Britain will be ready to take in certain circumstances and the lengths to which she will be prepared to go in order to prevent those circumstances arising will vary in different cases. While she cannot be indifferent to the threat of war in Europe, the issues and the locality will arouse different degrees of feeling. In this respect she differs in no way from other countries. The Polish Corridor and Silesia are problems which concern Germany and Poland in the first place. Austrian independence touches France and Italy more closely than it does this country. On the other hand, the independence of Belgium and Holland and the protection of the Eastern frontiers of France are matters of vital concern to Great Britain.

While it is true that in any international dispute some States must be more closely concerned than others in the first place, there is no escape from the fact that if negotiations fail then

ultimately all are involved. To ignore this is to shut our eyes to what happened twenty years ago. A quarrel between Austria-Hungary and Serbia, both remote from Western Europe, within a few weeks brought on a conflict which quickly involved all the great Powers. There is just as much chance to-day that a conflict, arising perhaps out of some dispute which did not immediately affect this country, would soon touch her in some vital way and make intervention inevitable. British foreign policy must, therefore, be framed with a clear realisation of these facts.

Foreign affairs are not an exact science. A treaty, unlike a law which can be enforced by the decision of a court, depends on the spirit in which the signatories sign and support it. For this reason, the actual conduct of international relations is of vital importance. Nations do not arrive at their conclusions regarding the aims, the ambitions, the hopes and the fears of other countries by reading official speeches or following the deliberations at Geneva. They watch the efforts which are being made to form public opinion at home. It is in the Press, on the platform and where constitutional governments still exist in Parliament that they look for guidance. No progress can be made in educating this country unless the difficulties and dangers of foreign

affairs are put before the public with frankness and courage.

While fully realising, therefore, that a general European conflict would involve this country, she cannot undertake specific political and military engagements to cover all contingencies. If these engagements are to mean anything they must be confined to circumstances which she considers vital. Each nation has some international question in which it would be directly and immediately affected, whereas its neighbour may only be indirectly involved. From a British point of view the only circumstances, apart from a direct attack, in which it would be vital for this country to take immediate belligerent action in the event of war in Europe, is the violation of the frontiers between Germany on the one side and France, Belgium and Holland on the other. With the exception of Holland, this contingency is covered by the Locarno agreements. There is even more reason for this commitment than there was in 1914, for, as Mr. Baldwin has said, the development of aerial warfare has made the Rhine our own frontier. There is no room for compromise in this important declaration, which sets forth plainly the realities of the present position. Whether the Locarno Pact had been signed or not the necessities of the situation would have compelled this country to treat the Rhine frontier

for purposes of defence as our own. It is even more essential to-day than it has been in the past to prevent the Continental shores of the North Sea and the English Channel from being in the hands of the same Power. The Locarno Pact is, therefore, an even more vital and integral part of British foreign policy than its clauses would imply. It should, indeed, be extended to include Holland and to make the guarantees mutual, so that this country should receive the protection that it is prepared to extend to others.

The Locarno Pact is indeed the core of the British continental policy. There should be no doubt in the minds of foreign countries regarding British intentions. It is neither fair to the friends of this country nor to those who might through ignorance become her enemies that there should be any doubt. It is not in the interest of Great Britain herself. The uncertainty regarding British intentions before 1914 helped in the drift towards war, for up to the last moment no one knew what part, if any, we could be counted upon to play. Hesitation in this country resulted then and might again result to-day in encouraging a State with aggressive designs to believe that we might not intervene.

With Locarno as a definite obligation which will require immediate action, this country has committed herself to intervene in Europe in



certain circumstances. But just as it is necessary that Great Britain should be explicit regarding the automatic military obligation she *will* carry out, so she should be equally explicit that she will not undertake any others because her foreign policy is influenced by the Dominions, whose point of view, as has already been said, differs from that of European States. United action on the part of the Empire can only be obtained if the Dominions know exactly where they stand. This country may reasonably ask them to act with her on a vital issue, but it would strain their goodwill if they felt that they might be dragged into a war on an issue the significance of which they did not appreciate. This factor must have its bearing on the policy of this country and prevent her from acting as she would do if she was a purely European Power. It is necessary, if she is to play her full part, that her position in this respect should be realised by foreign countries.

Automatic military commitments do not exhaust the possibilities of international action. The most promising line of progress in the immediate future would be the development of regional pacts in which the countries most closely concerned would define their attitude and their obligations in particular circumstances and particular areas. The fact that Great Britain will not pledge herself to immediate military

action in support of such regional pacts does not mean that she cannot encourage their formation and exert her influence to secure their enforcement. There are contingencies in which this country, while reserving the right to decide her own course of action, could indicate in what direction her sympathies would lie. A crime committed at some distant place is dealt with by the local police and assistance is only sent if it is required or is necessary for the maintenance of law. It is indeed probable that if any major difficulties arise the circumstances of the case would compel British intervention. It is therefore important that regional or particular agreements in Europe should be of such a kind that British support is possible and that there should be standards of international morality the violation of which should involve the certainty of overwhelming retribution overtaking the transgressor. While action would not be as swift as under the terms of Locarno, it should be clear that it will be equally sure. The realisation that a threat to peace in any point of Europe might eventually bring the Locarno Treaty into operation and that Great Britain would regard herself as concerned with any events that might even indirectly make such a contingency likely would be a long step towards security in Europe.

If British policy develops along these lines, it

will make the League of Nations a more effective international instrument. This country should insist that all political agreements should be made within the framework of the Covenant when they concern members of the League. The League, however, as has been pointed out earlier, has no authority or power apart from that which the member-States can give it. It will be strong or weak in proportion to the support it receives. The action of this country may well make all the difference in persuading the world that a continued effort to work the machinery which has been set up under it is still worth while. In order that effective action may be taken to uphold the sanctity of international contracts an understanding with the United States is necessary to secure harmony of action. The United States has already acknowledged that as the result of the Kellogg Pact neutrality is impossible. The next step is to arrive at an agreement with her—not to support the *status quo* created by the Treaty of Versailles, or to promise assistance to any particular country in any particular part of the world, but to clear the ground so that the two great maritime Powers may be at one in seeing that the intentions of the Kellogg Pact are carried out. An agreement with the United States would help the European situation by removing another element of uncertainty.

The situation in Europe has changed and is changing rapidly because of developments in Germany. All continental nations are speaking of war. The present situation has more than family likeness to the international position in the years before 1914. There is the same boastfulness in Germany, with its reaction in other countries. There is the same reluctance to believe the worst and the same methods of German diplomacy. Last time she said she had been deceived and that she had no reason to believe that her ambitions would bring into being a powerful Coalition against her. A definite foreign policy on the part of this country should leave no doubt in her mind. The time when Germany was seeking equality in armaments is past; she is now aiming at superiority. A hostile Europe united as it has become as the result of the new threat, may still cause her to pause, and come to terms. This country, in co-operation with European nations, should meet her if such a moment comes and attempt to arrive at a settlement of outstanding difficulties. The frank acknowledgment that these realities exist makes a solution less difficult. An agreement, however, will only be arrived at if Germany is convinced that this country in common with others is determined to maintain peace and punish those who transgress it.

The possibility that at some future date some agreement may be arrived at does not mean that this country should neglect her defences, nor be afraid of making it clear why she has been compelled to adopt a course which is repugnant to her. The abolition of aerial warfare and the consequential internationalisation of civil aviation remains a primary objective, but the efforts Germany is making to build up a great Air Force make it vital for this country to carry out that part of her policy which she has always maintained is her right—namely, that she should have parity with the strongest Air Force within striking distance. It is significant of the trend of British policy that it was not until Germany began to re-arm that this question became one of first-class importance. The superiority of France in the air was not considered a danger, for no one doubted that however deep might be the division between the two countries there was no question which could not and would not be settled by friendly discussion.

The short-range policy of this country must be concerned with the provision of adequate defence in face of growing dangers. To neglect such measures would not only deprive her of protection against an aggressor, but would make her too weak to carry out her obligations. Her long-range policy must be the ultimate aim of all

diplomacy and indeed of all statesmanship in foreign affairs—appeasement and the solution of difficulties by peaceful methods. Peace itself is negative and unless the periods of peace are used for constructive work they will inevitably be followed by conflicts. A negative policy is always a dangerous policy and peaceful drift is the precursor of war.

Disarmament can only be achieved if the political foundations of the world have been secured, and it should then follow swiftly. Nor need the conditions required for the conclusion of a satisfactory convention be long delayed.

The political relations between countries are deeply affected by economic conditions. As economic conditions improve, the political position in the world as a whole will become easier. The failure of the World Economic Conference does not mean that its aim was unsound and that the objects for which it strove are not still those which should be sought by wise statesmanship. Its end merely proved that the time was not ripe for agreement. Economic co-operation, particularly in Europe, is vital if there is to be any sustained recovery. A time is coming when economic nationalism, carried to extremes, will bring its own reaction, for economic units which are trying to become self-sufficient are merely becoming impoverished. Universal and unrestricted

free trade is an ideal of the past. The regulation of the production and distribution of basic economic commodities in a world whose powers of production have outstripped its powers of distribution is rather the line of development in the future.

British policy since the war has been lacking in self-confidence. There is a wholly exaggerated feeling of the limitations of British power. The mistakes of the Peace Treaties and the short-sightedness of many of their provisions have created a sense of impotence. The use made of their authority by the Great Powers in the days of the Peace Conference did not enhance their prestige. Yet the Great Powers have an influence which they should not neglect to use, an influence which is enhanced rather than diminished when it is exerted under British leadership. There have been times in recent years when vigorous and resolute action on the part of Great Britain would have profoundly affected the course of events. It is not merely by mediation, by playing the part of an honest broker, that she will make her influence felt. She is no detached observer, for she is deeply engaged in the success of those new instruments which are part of the new international system and to which a contracting world binds her more closely each year. While rejecting isolation and unlimited commitments, she can no longer re-

main in the vagueness which clouded her pre-war foreign policy. The old conditions have passed away and yet their shadow remains.

The time has come for the development of a new tradition more in accordance with the necessities of to-day. There should be no doubt that Great Britain is prepared to support the League of Nations and the Locarno Pact with her full force and authority, and that by her support of other pacts she will use her authority to buttress and strengthen the new instruments. The aim of her policy should be to set up an international structure in Europe based on law so strong that it would be dangerous for any Power to stand outside it and fatal for an aggressor to defy it. These things will not come quickly, but they will grow faster if this country shows more initiative in the crises which succeed each other so rapidly in post-war Europe. It is our vital interest that the policy should succeed.

In looking forward to the future the Tory Party can appeal to a people wholly pacific, but not unmindful that the price of peace is sacrifice. If this sacrifice is not to be made on the battlefield it must involve the clear assertion of the intention to abide by certain definite obligations to ensure the development of a stable international system.

*October 19th, 1934.*



# THE FUTURE OF THE CONSTITUTION

BY HUGH MOLSON, M.P.

IF the Eighteenth Century was a sceptical age, the British Constitution at any rate was then regarded as too sacred to be criticised. Blackstone was able to write with conviction, and his public to read without surprise, of its perfections. "Of a constitution so wisely contrived, so strongly raised, and so highly finished, it is hard to speak with that praise which is justly and severely its due:—the thorough and attentive contemplation of it will furnish its best panegyric."

When that imperturbable complacency had vanished in 1832, and the following hundred years of franchise extension, of Redistribution Acts, of revision of House of Commons procedure and of House of Lords reform was running its course, there was still only dispute as to the best form of Parliamentary Government; the institution itself was an article of faith with all Englishmen, and their belief in it was fortified as they watched the persevering attempts of

foreigners to emulate it. To-day all that has changed and the very ideal of Parliamentary Government is in controversy, partly on grounds of theory, partly on grounds of practice. The purpose of this chapter is to consider how far these criticisms are justified, what reforms in the constitution and in Parliamentary procedure are necessary to meet them.

Of all the organs of the Constitution only one has increased in prestige since the Eighteenth Century. The Monarchy has now so established a position in the affections of the country that the Left Wing of the Socialist Party do not dare to speak of it to-day in the way that Mr. Joseph Chamberlain did with impunity fifty years ago. Even Sir Stafford Cripps had to explain away his notorious "Buckingham Palace speech" on the urgent representations, it is believed, of the party managers whose ear is very close to the electoral ground. Still more important is the Imperial link which the Crown alone can form between the Mother Country, the Dominions, India and the Colonies.

The events of the last few years abroad, overseas and at home, have shown that the Headship of the State, however nominal in time of tranquillity, becomes of supreme political importance in time of crisis. The King of Italy, a most constitutional monarch, had to decide in

1922 whether to allow the old regime to oppose Signor Mussolini's March on Rome by civil war. When M. Herriot came into power in 1924, his government insisted upon M. Millerand retiring from the presidency on the ground that he had been too closely associated with M. Poincaré's foreign policy. The late Marshal von Hindenburg, in peaceful times a conscientiously constitutional President, after 1932 controlled the destinies of Germany by agreeing or refusing to sign the presidential decrees without which no government was able to rule. In 1932 the Governor of New South Wales dismissed Mr. Lang for breaking the law. In 1923 King George sent for Mr. Baldwin, in preference to Lord Curzon, to form an administration. In 1931 he received the resignation of Mr. Ramsay MacDonald and, in discharge of his unquestionable duty and undoubted prerogative to entrust the formation of a new administration to any leader he chose, invited Mr. MacDonald to form a National Government. If ever a royal decision was approved by the popular voice, the King's initiative was approved at the General Election of 1931.

It may be hoped that never again will English public affairs be so confused that the King will have to exercise his personal judgment, but the monarchy has shown itself more stable than

presidencies, more observant of its constitutional limitations and more attuned to the popular will.

The Cabinet is now in fact a Standing Joint Committee of both Houses of Parliament, but historically that used not to be the case, nor is it so *de jure* even now. The Cabinet is composed of the King's Ministers and that fact has added greatly to its prestige. A Cabinet Minister in the House of Commons has two roles, equal to the backbencher as touching his membership, superior to the backbencher as touching his ministry. This superiority "within the scope of his employment" as a Minister of the Crown has been of immense value in enabling the British Constitution to combine authority with democracy. Mr. Roosevelt can scarcely refuse to discuss with a deputation of American Senators how he intends to administer a silver purchase statute. Mr. Chamberlain can and does refuse to answer similar questions relating to the administration of currency with the well-known and accepted formula: "I regret that I am unable to add anything to the statement that I have already made." The Executive has its duties and its privileges, as undoubted as those of the legislature, though not so clearly defined. The maxim that the King's Government must be carried on implies that authority must repose in an administration, not in the House of Com-

mons, and that the House must support that administration or find a substitute for it.

The Cabinet system has developed in many ways during the last two centuries. The growth of joint responsibility is obviously a good thing, although it sometimes results in a weak Minister being held up by his stouter colleagues; the control the Cabinet now has over the House of Commons is, to a large extent, the result of modern conditions, and without it Parliamentary Government would have failed here as it has in so many other countries because the work of the State could not be carried on. It is undoubtedly the case however that the quite modern practice of treating every minor matter as a question of confidence—a practice rightly abandoned by Mr. Ramsay MacDonald in 1929—unfairly blankets all criticism. The Government also finds it too easy to resist amendments for which a good case has been made when a committee stage is taken on the floor of the House. Contrary to the usual view this is not so much due to the influence of the Whips, great as that is, but to the fact that most of those taking part in the division have not heard the arguments. This could be corrected if more bills were sent upstairs to a Standing Committee where most members who vote have listened to the arguments and where cross-voting is consequently more common. This would

be a further application, in a sphere where it is already common, of the House delegating to a special body the close investigation of a matter with which all its members cannot make themselves familiar.

The real trouble is that the work of the Cabinet and its membership have both increased without the second in any way diminishing the first. When the First National Government was formed, the number of Cabinet Ministers was reduced to ten, and it was widely thought that this return to the idea of the War Cabinet would prove to be a permanent reform. The Second National Government however included nineteen Cabinet Ministers, now increased to twenty, and the reason given was the difficulty of manning Cabinet Committees with a smaller number. It is of course obvious that no useful purpose is served by diminishing the number of Cabinet Ministers if the volume of Cabinet work remains the same.

Ministers at present are so absorbed in urgent matters of routine, important no doubt, that they have no leisure to think out policies some months or years ahead, and this some of them will frankly admit in private conversation. For the first two years that the National Government was in power, the tasks before them, though difficult and arduous, were fairly obvious ; it was

in the third year that members began to ask, without receiving an answer, what the Government's long-term policy was. It would be interesting to know, for example, whether any scheme has been worked out for harmonising Imperial and foreign trading agreements, or whether each set of negotiations are embarked upon as a single, complete transaction. There is an urgent need for a Cabinet with time to view policy as a whole.

How this result can be best attained is a matter upon which no one can dogmatise, certainly no one without inside experience. It is possible that much could be done by entrusting more of the administration to Parliamentary Under-Secretaries. In some departments like the Home Office, the Under-Secretary already does much responsible work, in others he is practically confined to representing the department in Parliament. But there is high authority for a more drastic proposal. There is no statesman of recent times who now has a higher reputation as an organiser and administrator than the late Lord Haldane. A strong committee on the functions of government over which he presided in 1917-18 presented a report which has been strangely ignored. That Committee recommended that the example of the Army should be followed by "placing the business of inquiry and thinking in the hands of persons definitely charged with it,

whose duty it is to study the future and advise those engaged in actual administration." As this could not be done by a Minister "in the mere interstices of the time required for the transaction of business," the Committee recommended a small Cabinet composed mainly, if not entirely, of Ministers without portfolio. The War Cabinet of 1917 was a close, and the First National Cabinet a remote, approximation to this system. It might be necessary to maintain the principle, as was done during the War, that issues of the most vital importance should be laid before a meeting of all the departmental Ministers who at present compose the Cabinet, but they would be relieved of the burden of acquainting themselves regularly with all the contents of the swiftly circulating boxes of Cabinet papers. The present system only works, it seems, because so much of policy is delegated, or relegated, to Cabinet Committees which are flexible bodies including on occasions Ministers not of Cabinet rank. The proposal now made would extend this principle; the personnel of Cabinet Committees would be very much what it is at present, but their conclusions would require the final approval of a small Cabinet, not of a large one. This small Cabinet of Ministers without portfolio would obviously not come to any decision affecting a department, however remotely, without consult-



ing the Minister in charge. In matters vitally concerning his department he would no doubt be invited to take part in the decision as an equal, as was done invariably, it is believed, in the First National Government. The Committee of Imperial Defence offers a close analogy to this flexible form of Cabinet; it has a nucleus of permanent members and other members with special qualifications are added at the discretion of the Prime Minister when any particular question is under consideration.

It is however in the ordinary man's estimation of Parliament that the greatest change has come about since Blackstone's day. The most notable critic in word and the most powerful enemy in deed of Parliamentary Government is Signor Mussolini; it is worth while therefore to see how he frames his indictment. He alleges that candidates for Parliament are not selected in any way that is likely to discover the men most qualified by character, ability and experience for the work, and that popular, geographical franchise is not an effective way to choose from amongst these candidates the nation's legislators. Parliamentary debates he condemns because men without special knowledge criticise and amend the legislation drafted by experts, and the party system because members devote their ingenuity to destructive criticism and obstruction of pro-

posals designed for the public interest. The energy that should be consecrated entirely to advancing the national interest is dissipated in party strife. Since complicated economic problems now occupy so large a part of Parliamentary time, Signor Mussolini argues that legislators should be experts speaking for economic interests and the authoritarian Government should be strong enough to defend the National interest against sectional interests, and irremovable because it represents the eternal State.

This indictment was a powerful one against the old regime in Italy; it is much more doubtful how far these criticisms are valid in England. Nor are Englishmen disposed to attach as much weight to logic as are Italians; we are essentially pragmatists and we ask only whether the system works.

No one who is familiar with the methods by which either Conservative or Socialist candidates are chosen for constituencies could make a rational defence of the system. In safe Conservative constituencies very often a self-appointed junta of two or three men makes the selection of a candidate from amongst those who can afford to pay their own election expenses and an annual subscription which will run the organisation. The unsafe seats have to accept poorer men and the organisation has to raise funds as well as

win votes; the most difficult seats have frequently the utmost difficulty in finding a candidate and he never pays a large subscription although there the need for money is greatest. In the Socialist Party on the other hand the best seats go to local trade union officials, especially to old men whose best years are past and whose trade union office is coveted by a younger man. In theory it can certainly be objected with great force that in all parties young men with ability but without money are at a disadvantage. Politics should be a whole-time job, and will become so increasingly if the views expressed in this chapter prove to be well-founded. The labourer, even in politics, is worthy of his hire, but to get it he has to work at the Bar or in business. It is not however easy to see how this can be rectified. High remuneration of politicians attracts bad character as much as good ability, and the example of other democratic countries is warning that the remedy in this case may be worse than the evil. The present system works fairly well by which much of the daily committee work is done by the more leisured members, while able and busy men who cannot always be in attendance take an important part in full-dress debates in which they are particularly interested. The practical answer in fact to all these criticisms is that the House of Commons is sur-

prisingly representative of the nation, and that is after all the objective. The British Constitution does not aim at having in the House of Commons a panel of specialists, nor even the quintessence of the nation's intellect.

With regard to democratic election, there is no doubt that political issues are becoming more complicated and therefore more difficult to explain to the voter. On the other hand, the electorate is becoming more educated, not only—perhaps not chiefly—by the State educational system, but by the hard facts of modern life. It is certainly possible that time may show that our great popular electorate lacks the intelligence and the self-control to decide wisely great issues; if and when that time comes, it may be necessary to alter our Constitution in the most drastic way, but there is as yet no evidence that such a revolutionary change is necessary. In any event, it does not follow that any other system of Government would make fewer mistakes, and the English people at any rate prefer making their own mistakes to letting others make mistakes for them. Moreover, efficiency is not the sole criterion; we, as a nation, do not accept the view that the interest of the State at all times and in all circumstances matters more than the rights and wishes of individuals.

To what extent is it true that in the British

Parliament time is wasted and the public interest injured by factious opposition? The present writer from his short experience would say that on the floor of the House and on Government business this is only to a small extent true—it is different in Standing Committee and on Private Members' days. Opposition is not a bad thing. It is seldom the case that any bill is so obviously sound that it is not desirable for arguments against it to be voiced, and still fewer bills are so perfect as not to be improved by amendment. Nor is any Government omniscient, and therefore backbench members, prompted by interests affected, are frequently able to point out consequences and repercussions of a bill which had not been foreseen. Scarcely less important is the restraining influence on the Government of the knowledge that the bill will be exposed to criticism, and the critics, unlike the Government, will not always be prepared to put administrative convenience before the rights of the individual citizen. Most Government bills are improved by Parliamentary discussion and amendment. The clearest proof of this statement is the number of amendments accepted by the Government during the debates on the Unemployment Bill. The measure had been most carefully considered, had taken months to draft, and was based on the report of a Royal Commission which had sat for

nearly two years; and the concessions were made to reason and not because the Government was in any danger of defeat. It is of course true that captious criticism is not unknown, but a Government with a working majority can deal with that by the guillotine or the closure; if Governments are reluctant to use these methods, it is because they find that too little discussion is worse than too much.

That the national interest is not invariably sacrificed to party advantage is shown by numerous cases where bills have not been opposed. A striking example was the passage of the Debts Clearing Offices Bill which empowered the Government to set up a clearing house by which German funds could be detained for the purpose of paying interest due on the Dawes and Young Loans. It was carried through all its stages in the House of Commons in two days, although many points in the bill were disliked by members of all parties, and the two Oppositions could easily have made party capital out of it. They recognised however that some measure of this kind was necessary and showed their public spirit by making only constructive suggestions for improvement, several of which the Government accepted.

So far it has appeared that theory does nothing and practice little to justify the application to

Britain of Signor Mussolini's condemnation of the Parliamentary system. The answer is not so clear when we enquire whether Parliament is a suitable body to deal with complicated and technical matters or with modern economic problems.

In the first place it must be realised that Parliament is now responsible for handling many more subjects, even in the political sphere, than it was forty years ago. The development of the activities of the Ministry of Health has involved the House in much new detailed work connected with National Health Insurance, Old Age and Widows' and Orphans' Pensions, as well as the whole wide question of housing. The Ministry of Labour is another example of an entire field of fresh activities which Parliament has undertaken.

It is this great mass of new, detailed administration which necessitates legislation of an extremely complicated kind which a large non-expert body is incapable of framing; and we have now to consider a new form of procedure under which the House of Commons has relinquished to expert bodies the drafting of legislation, but has retained its power to ratify or disallow. In some cases the need for flexibility and precision has resulted in an unconsidered and uncontrolled delegation of the power to legislate to govern-

ment departments. On the one hand this has been denounced as "The New Despotism," on the other hand it has been defended as a necessary adaptation to modern conditions.

There can be no question that the delegation of regulation-making powers to Ministers is essential if the machine of Government is to work at all. In the first place the alternative would be to incorporate in Act of Parliament every consequential detail of every measure. As the annual volume of Statutory Rules and Orders sometimes exceeds fivefold the volume of legislation, and as long bills are even now inadequately debated, this would result in intolerable congestion. In the second place, rules are so technical that Members of Parliament could only understand and criticise them effectually if they had made a minute study of that particular ramification of the administration. Thirdly, rules frequently have to be made to apply to particular areas, and require constantly to be amended and modified. Any criticism of the principle of delegating legislative powers can therefore quite plainly not be maintained.

The present agitation is not so much directed against the principle of delegated legislation as against modern attempts to oust the supervision of the courts. It has in the past always been recognised that the subject has a right to dispute



in the law courts whether a regulation or order is in fact within the powers conferred by Statute. But the inconvenience caused by regulations being held to be *ultra vires* on some technical legal point has often led to Statutes being drafted so as to prevent them from being brought within the purview of the courts, and this has gone in some cases as far as the so-called Henry VIII Clause, which empowers a Minister to make regulations even amending the Act itself.

When everything that can be has been said about the importance of enabling the executive to carry out with speed and detailed precision the implied intention of the legislature, it is still not proved that we ought to concede to the executive an uncontrolled right to legislate so as to affect individual rights. It is admitted that the power of the courts to declare rules *ultra vires* is as likely to defeat desirable rules as undesirable ones, and that statutory enactment is impracticable and undesirable. But there is another method that might and should be adopted. Although control of the executive by the courts is admittedly unsatisfactory, that control might with great advantage be transferred to Parliament, which is the law-making body. What is needed is the general supervision of the lay mind, of the legislator who feels for the toad under the administrative harrow. All regulations

and rules made by a Department which are legislative in character ought to be examined by a Committee of the House of Commons, just as even unopposed Private Bills are not submitted to the House for its formal approval until they have been examined by the Unopposed Private Bills Committee. This principle is already applied in the case of Ecclesiastical Measures where a statutory committee is required to consider every measure sent up from the Church Assembly and to report "as to the expediency thereof, especially with relation to the constitutional rights of all His Majesty's subjects." It is also applied by Section 29 of the Ministry of Transport Act, 1919, which requires that certain Orders in Council made at the instance of the Minister of Transport shall be scrutinised in draft by the Chairman of Committees of the House of Lords or by the Chairman of Ways and Means in the House of Commons. It would seem appropriate that this proposed examination of all regulations and orders should be made by a sub-committee of the Advisory Committee attached, as will be suggested later, to the Ministry making the rules. Such a sub-committee would sit like a Private Bill committee, partly as a judicial, partly as a legislative body. It would be competent for parties opposing the regulations to submit that they were in law *ultra vires*, or, while

admitting their validity, to ask the Committee to disallow them on the ground that they are harsh or unfair in their operation. Such a Committee would be less expert in detecting technical flaws than the High Court of Justice, but that would not be a disadvantage, while it would be able to take a broad view, which the Courts cannot, of the wisdom or equity of the exercise of the Minister's discretion. This suggestion in allowing the merits of a regulation to be considered goes considerably beyond the recommendation of the Committee on Ministers' Powers, but it has already been made in a modified form by Lord Hewart.

The second complaint made under the broad heading of "The New Despotism" is that the ordinarily constituted law courts have in many cases been displaced by administrative tribunals which are not subject to judicial control. This tendency is inevitable and not undesirable. It has never been possible to separate by a principle applying to all cases what should be judicially determined and what should be left to administrative discretion, particularly where that discretion can only be fairly exercised after an enquiry into the facts. The Courts are quite unsuited to hear appeals against administrative discretion and indeed they never attempted to do so under the old prerogative writs of *certiorari* and *pro-*

*hibition* by which they keep the executive within its legal powers. Even matters that are capable of judicial determination, Parliament has on occasions deliberately, and it is submitted wisely, referred to administrative tribunals. The rights of claimants under the National Health Insurance Acts are determined by a series of tribunals set up by the Minister of Health. This procedure is simple, cheap and speedy, but it is a plain case of the executive determining judicial questions. Would anyone with experience of the two procedures prefer these pension claims to be determined like cases under the Workmen's Compensation Act by the slow, costly and cumbrous process of the ordinary law courts?

The whole problem of ministerial powers is however one incapable of entirely satisfactory solution because Ministers have to discharge legislative, judicial and executive functions which cannot be divided by any hard-and-fast logical line. The Minister of Health's power to confirm slum clearance schemes involves a determination of the actual condition of the buildings, the application to that fact of the Minister's executive discretion, and finally his order approving or disallowing the scheme. Is that order executive if it applies to one house: is it legislative if it applies to a thousand? Fortunately the British Constitution has never

sought, as Montesquieu believed it had, to separate the three governmental functions; it is obvious that most of the ministerial acts now criticised as "despotic" are in fact compounds or mixtures of the three elements. The control that can be usefully exercised is therefore limited. Where a ministerial action is purely legislative, it should be subject to review by Parliament; where it is purely judicial, it should be subject to general supervision by the Courts; where however executive discretion is an important element in the Minister's action, but is neither perverse, so as to warrant his dismissal by Parliament, nor illegal, so as to warrant the issue of a writ of *prohibition* by the High Court, attempted control by either Parliament or the Courts is inconvenient and impracticable.

It is not, however, due only to the great expansion of fields of political work that Parliament is now so over-burdened; it has also undertaken responsibilities for policy in what used to be considered purely industrial and agricultural spheres. This fundamental change cannot well be arrested now but is likely to go much further. The adoption of Protection as a national policy has brought all industry under the view of Parliament. This has added to its burden and had the National Government allowed the new tariffs to become a matter for Parliamentary investiga-

tion, the result would have been disastrous for two reasons. First, the unsuitability of territorial representatives to decide on the technical details of tariffs would quickly have become evident, and secondly the work could not have been done in Parliamentary time. The creation of the Tariff Advisory Committee has obviated the first danger and it has reduced the second. Parliament has again delegated to an appropriate expert body that close investigation of economic matters for which it is itself ill-adapted, but it has rightly retained in its own sovereign hands the power to disallow what is really the levying of taxation. When the Tariff Advisory Committee has made its report, effect is given thereto by Order of the Treasury, but that Order is then subject to affirmation by the House of Commons. This is an application in the new economic sphere of the old delegation of regulation-making powers to the Executive. Precision is obtained by expert enquiry and speed is obtained by administrative order, but Parliament still retains the power to take a broad view of the rights and interests of the nation.

The second step in the same direction has been taken under the Agricultural Marketing Act. This enables producers to set up marketing boards for the purposes of obtaining better marketing facilities and a fair price. The Minister of Agriculture can not only make an

order which gives statutory authority to the marketing scheme of the producers, but he can restrict or prohibit foreign imports likely to defeat the purpose of the scheme. Here we have a very clear case of self-government being given to an industry, including the power to raise prices, but Parliament retains control because the Minister is responsible to it and because his Orders have to be submitted for its approval.

If however Parliament is to exercise its control effectively it must hear the voice of the consumer as clearly expressed as that of the producer. There was no need for any regulation or even supervision of prices when free competition operated effectively. But for some time past the higgling of the market has in many spheres been merely an economist's fiction. Prices charged by rings, combines, or even a single large producer, are not controlled by the consumer; advertisement and proprietary brands have introduced what may be called "conventional prices" which are fixed without regard to costs of production, but solely on a calculation of how demand will respond to price. By the marketing schemes, moreover, Parliament has abolished even the theory that the consumer can bargain, and therefore it is under a logical obligation to substitute some other method of price regulation. This it has so far only very inadequately done. The first step was taken by Mr.

Baldwin in 1925, when he set up the Food Council as a non-statutory body without power to compel production of books to investigate retail prices of certain foodstuffs. The second step came under the Agricultural Marketing Act, 1931, when Consumers' Committees were appointed to consider the effect on consumers of marketing schemes, and they were given power to demand all reasonable information from the parties concerned; and to avoid overlapping the members of the Food Council were appointed members of the Consumers' Committee. This body has done useful work within its limited scope, but it is handicapped in many ways. First, it does not seem to be regarded by the Ministry of Agriculture as equal in importance to the representatives of the producers, and as a body whose prior assent is necessary before any marketing scheme is approved by the Minister and by the House of Commons. Secondly, it has no legal power to call for books and accounts. Thirdly, it has no whole-time staff and no great use has been made of independent accountants for special investigations. Both permanent staff and independent investigators will be needed if there is to be a full examination of prices, not only of those charged by the retailer, but by the wholesaler and producer also. So far only one report of the Consumers' Committee has been published, and it is



significant that it finds some retail prices for milk to be excessive and criticises by implication one of the clauses in the contracts made under the Milk Marketing Scheme. The Food Council has prepared a scale indicating fair prices for the quartern loaf of bread at various levels of flour prices, and the case for a similar scale of milk prices is even stronger because Parliament has intervened to prevent the free sale of milk by the producer.

It is unlikely that self-government for industry will for long be confined to agriculture. Free competition and unrestrained private enterprise are breaking down in all countries and control is everywhere increasing. The industrial barons of the Twentieth Century will be brought under control just as the territorial barons were in the Fifteenth Century. The methods adopted vary in different countries; in Italy power is in the hands of the Corporation, in the United States under the National Recovery Act in the hands of the Code Authority, in England the coal industry is already partly regulated by Central and District Committees. It seems likely that the tramp section of the shipping industry will have to be organised if it is to satisfy the conditions which the Government has made for the payment of a subsidy; the iron and steel industry has already been compelled by the Tariff Advis-

ory Committee to go far in the same direction. Nor will all forms of industrial activity be organised in the same way. We already can see that in the case of transport, Parliament will exercise a different kind of control. The London Passenger Transport Board is an example of public ownership and independent management which may be followed in other cases. Other institutions, of which the Bank of England is the most striking example, show how what is nominally a private institution may come to regard itself as a public trust, accountable to the public for its policy although superbly indifferent to uninformed public opinion. All these industries will require power to legislate for their own units, and therefore, as in the case of the agricultural marketing boards, it will be the duty of Parliament to review this autonomous legislation by industry in order to make certain that it is reasonable and fair to minorities and to the consumer. When most, if not all of the major industries are organised and have power to make regulations for themselves, it will still be necessary for Parliament to review this new form of delegated industrial legislation in the interests of the community as a whole, both in its producing and its consuming capacities.

What then may we reasonably expect will be the relations of industry to Parliament in the

future? We may anticipate that most of the major industries will be organised under elected committees with wide powers to control and regulate competition and very possibly with selling agencies for the entire industry. Probably some central Industrial Council will be set up with powers of supervision over industry as a whole and will discharge those functions which Mr. Winston Churchill attributed to his Economic Sub-Parliament. The Board of Trade will be the agency through which the Government will negotiate with those industrial authorities and prevent them from using their organisations to exploit each other and the public. Parliament, advised by a developed Consumers' Committee, will retain in its hands the power to approve or disallow the schemes and rules which industry will seek to impose on itself. Public Utilities, like transport, will increasingly come under public ownership and under some such public but non-political control as the Electricity Board or the Broadcasting Corporation. This will bring about the state of affairs when labour will hire capital instead of capital hiring labour. The activities of the City of London and the banks will probably be brought more directly under the supervision of the Bank of England which is already administered as a national trust. The existing embargo on foreign lending, im-

posed *de facto* by the influence of the Treasury in co-operation with the Bank of England but without statutory authority, is an indication that finance, like industry, can no longer be regarded as the private concern of individuals. Tariff policy will continue to be in the hands of the Tariff Advisory Committee, agricultural marketing schemes in those of boards of producers, and upon the Board of Trade and the Ministry of Agriculture will rest the onerous duty of working out the policy which will encourage to the greatest possible extent our home production without inflicting greater loss on our exporting industries or upon the holders of foreign investments. The administration of many social services will be in the hands of the departments of State or of statutory authorities analogous to the Unemployment Board, and responsible directly or indirectly for the actions of their local agents to Parliament.

If it is objected that this is the Corporate State, it is only necessary to point out how old the corporate idea is in England. The Bar Council and the Inns of Court, the Law Society and the General Medical Council, even the Central Midwives Board, are all Corporations entrusted by the State with the government of important professions. Whereas Signor Mussolini had to create trade unions and employers'

associations in Italy and impose upon them the duty of making collective wage agreements, such bodies sprang up spontaneously in this country and already do that work. A most significant step forward was taken in 1934 when an Act, passed at the request of both parties, made a collective wage agreement in the cotton industry entered into by a majority of the employer and a majority of the employee binding in law even on those who were not parties to it.

The Trades Union Congress undoubtedly regarded itself as the Fourth Estate of the Realm in 1926, but unfortunately it made its claim by challenging the other three estates. The defeat of that challenge opens the road for it to make good the substance of its claim by co-operation instead of by opposition, and it is clear that the lesson has been in large measure learnt. The Trades Union Congress is now a far more moderate body than the Labour Party Conference. It is significant, for example, that only one of the lectures published by the Socialist League in "Problems of a Socialist Government" was written by a trade union leader, and there are signs that the movement is becoming less pre-occupied by the class struggle and more by the prosperity of industry. Similarly in some quite different spheres where corporate machinery did not exist it is being initiated, and boards and

committees are now officially recognised as representing special interests; the Ministry of Agriculture negotiates with the Marketing Boards elected by different categories of producers and the Ministry of Health negotiates with the County Councils Association on matters affecting its constituent members as a whole.

If that proves to be a true picture of the future, subordinate, expert bodies outside Parliament will be entrusted with the administration of different branches of the nation's activities and with the necessary delegated authority to legislate for their own domains. Over and above all those specialised jurisdictions however there must continue to be that of the sovereign Parliament, representing the nation as a whole in all its multifarious capacities as producer and no less numerous capacities as consumer. If Parliament will make adequate use of committees and encourage specialisation amongst its members, it will be able to supervise these subordinate authorities and also have time to discuss broad issues of national policy, whether political or economic, and to make the decision as to what Government shall hold power.

In considering the usual criticisms of Parliament, we have indicated a view of its true functions widely different from Signor Mussolini's conception of those of a purely legislative

machine. Before we pass judgment on the House of Commons, let us determine exactly what we want it to do. We do not want it to initiate policy; that is and must be the work of the Executive Government. We do not want it to interfere unduly in details of administration, which only those in charge of Departments can decide. Its first duty is to decide what kind of Government is to be formed, and its last duty is to dismiss the Government when on a full consideration of all issues it believes that a better alternative administration can be found. So long as it desires to retain a Government in office, it is under an obligation to vote the taxes, estimates and legislation which that Government deems necessary for the discharge of its responsibilities. The House of Commons should by its debates direct public attention to the important issues before the country and it is desirable that every school of thought should be voiced. There is nothing cowardly or anomalous in a Government supporter speaking against the policy of his leaders and then voting with them—he is discharging two valuable functions, expressing with independence his opinion on one point and then subordinating his own views before the greater importance of giving the necessary powers to the Government in which he has confidence. Members are entitled to seek for public opinion in

their own minds and should not voice the prejudices of their local mob. The Constitution has worked largely because of an inherent diffidence in the British people; constituents have rightly been willing to defer to the independent judgment of their chosen representative, and back-bench members in turn habitually defer to the more informed and experienced judgment of their Front Bench leaders. The House of Commons is not so much the High Court as the Grand Jury of the Nation, representing the common sense of the people. The growth of expert and specialised opinion makes the layman's judgment, not less, but more important than ever. It is the contention of this chapter that Parliament, just because of its lack of expert qualifications, and because it represents the people as a whole and not sectional interests, is a body perfectly competent to review the policy of subordinate specialised bodies, to focus public attention on great issues, to express the public mind, and to create and destroy governments.

The House of Commons is then in no need of any drastic reform, for it already has a well-recognised procedure which if developed will enable it to deal with the growing volume of its work. But that leaves unanswered the question whether individual members can deal with all this work. The charge of inefficiency brought



against Parliament can largely be traced to the anomalous fact that private Members are expected to be competent critics of all Ministers and all Departments. If Parliament is to exercise any effective supervision, will it not be necessary for individual members to undertake special responsibility for particular Departments? What is everyone's business is no one's, and one cannot help wondering even now whether some legislation, especially delegated legislation which only comes up for approval, is subjected to that close scrutiny which it is the purpose of Parliament to provide. If the Cabinet dominates the House of Commons unduly, it is because members cannot be masters of every subject and have to take the Government's policy on trust on all matters except those they have studied closely. Parliament has to pass final judgment upon tariff changes, marketing schemes, subsidies and commercial agreements with foreign countries. Each of these matters is so detailed and so complicated that few Members would care to speak upon it without having devoted several whole days to its study. We have already seen that in the case of regulations issued by a Minister, it would probably be impossible to have them effectively supervised except by a committee which specialised in the work of the Department.

Most Members already find themselves obliged by the variety of Parliamentary business to specialise in two or three subjects, and the force of these circumstances has led to the development of a spontaneous and unofficial committee system inside the Conservative Party. The most notable case where the same principle has been applied on an all-Party scale is the Empire Parliamentary Association, where it has proved a remarkable success, not only in educating members in important problems, but also in smoothing out party differences. The need for co-operation and collaboration inside the Conservative Party or in bringing pressure to bear on Ministers has caused a number of committees of fluctuating size to meet upstairs to deal with India, Agriculture, Finance, Foreign Affairs, China, the Colonies and other subjects. These committees invite experts to speak to them, and a Minister seldom refuses when invited to address the committee which is interested in his Department. While no State secrets are ever revealed to these committees, it is obviously possible for a Minister to speak with greater freedom where he is not reported than on the floor of the House, and he can often clear up difficult points by answering questions. There is of course not the slightest question of any sharing of responsibility between the Minister and the committee, nor of the Minister being held responsible

to any body less than the House itself, but it suits him to meet informally those members who take a special interest in his Department and so are likely to be his principal supporters and critics on the floor of the House. He instructs them and also is himself influenced by their views.

This committee system has the disadvantage of distracting attention from the floor of the House, and debates which half a century ago would have brought a crowded House to confront a row of Ministers on the Treasury Bench now collect only the quasi-specialists who address their remarks to the Minister in charge and his Under-Secretary. Though this may be regretted for historical reasons, there is no reason to suppose that the more informal Debates of to-day are any less useful, and the committee system which was an important factor in bringing this system about is too firmly established to be abolished; it seems therefore to be the course of wisdom and in accordance with the history of our Constitution to find a recognised place in theory for what already exists in fact.

It is not suggested that the French or American system should be adopted and the committees given any authority over the Minister. They might, however, be constituted as the Standing Committees now are by the Committee of Selection. In the ordinary course they

should be purely consultative, but special duties might be imposed upon them by the House, and in particular it would be usual for all Statutory Orders made by a Minister to be referred to the committee dealing with his Department. It would also be the duty of such a committee to scrutinise the estimates of that Department and report thereon to the Committee of Supply. The existing supply days are, as the recent report of the Committee on Parliamentary Procedure found, quite ineffective for detailed criticism of expenditure or of policy, and the committee interested in the Department could probably scrutinise the estimates with more effect than the committee of the whole House. The many members with special knowledge of a subject who now cannot catch the Speaker's eye in the Committee of Supply would have a far better opportunity of expressing their views; but this procedure in committee should neither prevent the Opposition from debating the supply for that particular Department in the House if it wished to raise any important matter, nor should it prevent the Estimates Committee from subjecting those estimates to its own scrutiny.

The complexity of modern organisation, both in business and in politics, has greatly increased the importance of the expert. But he is becoming more remote and aloof from the public, and he

tends to talk a language not understood of the people. There is therefore a growing need for an interpreter, who may be called, for lack of a better word, "a committee-man." He sits like a judge and hears the experts explain a problem which may be quite unfamiliar to him, but if he is good at his job he will be able to understand the case, disentangle it from its technicalities, decide more wisely than the experts on broad policy, and then state his conclusions and the reasoning by which he arrived at them in brief and intelligible form. That is the role of a member of the board of directors in business and of a Member of Parliament in politics. But there are limits to the receptivity of the brain of even a Member of Parliament and to do his work effectively, he now has to concentrate his attention on a very few subjects, and this specialisation should be encouraged and utilised in the procedure of the House.

There is still, however, the question whether any system of Government can be satisfactory which appears to result every five years in a swing of power from Right to Left and back again. It is a sinister symptom since the Representation of the People Act, 1918, that there has been a lack of stability in the political opinions of the electorate. Although it can be argued no doubt that the decision of the electorate was right in 1918, in

1922, in 1923, in 1924, in 1929 and in 1931, it is surely the case that the present system is neither fair in theory nor useful in practice. The chief argument in favour of the present system is that a strong government, whatever its policy, is better than a weak government without security of tenure.

The danger of alternate and violent swings to Right and Left has been increased by tendencies which are perhaps not generally recognised. For half a century or more, the power and influence of independently-minded Members of the House of Commons seem to have been declining. The development of broadcasting has immensely increased the influence of the half-dozen party spokesmen who address the nation at election time, and has correspondingly diminished the personal influence of candidates. The party organisations have gained in power both inside the House and in the country; the Conservative caucus had surprisingly little difficulty in crushing Lord Beaverbrook's party even when it was itself in eclipse, and the Socialist caucus in the moment of disaster in 1931 was little weakened by defection to National Labour on the one side or to the I.L.P. on the other. The party machine clearly counts for more than it did. At the same time, the First National Government set an example in the Economy Act of taking power to

legislate by Order in Council which enables a government with a precarious majority to eliminate all detailed criticism. Sir Stafford Cripps has deeply studied this precedent and, with an obstinate integrity surprising to his opponents and embarrassing to his colleagues, has shown how he intends to use it when in office for ends which appear to him desirable. On the two occasions in the past when a Socialist Government has held office, the Liberal Party has been strong enough to hold the balance of power, but that is hardly likely to occur again under the present electoral system.

The instability of the Constitution has been a favourite theme with Conservative orators since 1911, and they have attributed it entirely to the predominance of the House of Commons. As a result of the tendencies described above, whoever controls the Whips in the House of Commons dominates the country for his period of office; then he must expect to be almost automatically replaced by the master of the party machine in opposition in the country. This danger has become pressing since the formation of the National Government massed the moderate men of all parties on to one side of the electoral seesaw. Sooner or later the country will want a change of government, and under the present system it will have no alternative but the

Socialist opposition. The large number of voters without fixed party affiliations who want a more radical policy will find themselves obliged to vote for a candidate who is in their real opinion too far to the Left. Samuelite candidates will not poll the votes of all who sympathise with their views because it will be obvious that few of them will become Members of Parliament and none of them Members of the Government. Is it fair that so large a volume of liberal thought should go unrepresented? and, more important, is it desirable that there should be no Centre Party in the House?

It is not true to say that this country is accustomed to a two-party system and likes it. The position held by the Liberal Party since the war was held by the Irish Party for half a century before 1914. The Adullamites and Peelites were balancing forces before that, and in earlier days independent political personalities moved in and out of administrations according as policy shifted. In fact the two-party system only flourished from about 1859 to 1880, and then not regularly. Nor does this massing of all Members of Parliament into arbitrarily delimited opposing forces correspond with the facts of to-day. A person's sex may be defined as male or female, but political opinions are not capable of such simple classification. Even the existing party



divisions no longer represent real cleavages of opinion. Inside the Conservative Party, the Right and Left Wings are far apart on almost every issue, while on the other side of the House the gulf is equally clear between the intellectuals of the Socialist League and the Labour representatives of the Trades Union Congress. The Liberal Party is no less deeply and more openly divided. Taking the great Conservative majority, we find it divided on all important issues. The Right Wing hardly conceals its hostility to the National Government, still believes in private enterprise and free internal competition, loves tariffs and restrictive quotas on imports and desires big armaments. The Left Wing does not particularly want to see another Conservative Government, regards tariffs as a means of organising industry under Parliamentary supervision, believes that quotas for home production are a necessity, and is genuinely keen on disarmament. Individuals hold various combinations and permutations of these views. So far the tolerance and breadth of mind of Mr. Baldwin and the electoral system have held these divergent elements together in the same party.

One well-known way to secure fairer representation of minorities and of moderate opinion in the House of Commons is to introduce Proportional Representation by the Single Trans-

ferable Vote. This is not the place to enter into a discussion of its merits and defects, but the present writer believes that on balance it is now a desirable reform. A few facts may illustrate how capriciously the present electoral system works. In 1929 the Conservative Party polled 38% of the votes cast as compared with the Socialist Party's 37%, but the latter obtained 46% and the Conservatives obtained only 41% of the seats; while in 1931 when the Opposition Socialists still polled 30% of the votes cast, they only obtained 7% of the seats. A still more striking example of the swing of the pendulum is afforded by the county of Durham. In 1931 the Anti-Socialists polled 472,642 votes and obtained 16 seats; in 1929 they polled 386,274 and only obtained one. The chief argument against Proportional Representation is that it makes for the breaking up of parties into groups and a consequent instability of government as in the unfortunate example of France. The answer which this chapter tries to suggest is that the parties are not now of the same political family—they are not coveys but packs—and that more frequent changes of administration may be preferable to violent changes of policy every five years. The Right Wing of the Tory Party may prefer to take turns with the Left Wing of the Socialist Party in five-year periods of unchecked

power, but moderate men may well question whether it is in the national interest. It is surely absurd to argue that a Tory Government can do as much permanent good in five years as a Socialist Government will do permanent harm.

Most Conservatives are fully aware of the danger of a Socialist Government inspired by Sir Stafford Cripps, but they tend to rely upon a reform of the House of Lords. Almost all Conservatives agree that a reform of the House of Lords is devoutly to be wished, but no two agree upon what reform is needed. The present writer believes that a reform of the personnel of the Upper House is greatly needed, but that it is futile to imagine that any Upper House, especially one obviously created *ad hoc* by a party manoeuvre, could resist the tidal wave of a Left Wing majority in a newly elected House of Commons. It may well be doubted whether any Socialist electoral programme could fail to include the abolition of a Chamber created for the express purpose of revising almost all the proposals the Socialists were commending to the electors. A new body of that kind might well prove to have less prestige than the existing Chamber, which was not created by the Conservative Party and which exercises statutory powers conferred upon it by a Liberal Government enjoying Labour support. Whatever reasons may be

advanced for reforming the House of Lords, the most unsound is that it can be used to nullify the effects of the franchise which Disraeli, Bonar Law and Mr. Baldwin all extended. After all, screwing down a safety valve does nothing to reduce the steam pressure.

A reformed House of Lords could be of immense value as a deliberative assembly and it could exercise great influence without any increase in its power if it were constituted in a suitable way. At present it suffers from an insuperable handicap: out of a membership of 739 only about 15 are members of the principal Opposition. Obviously it will not be given credit in the country for independence, however conscientiously it may strive to be impartial. It is also improbable that in the present century heredity will be acknowledged as a qualification either for membership or even for election. The House of Lords is willing enough to be reformed both in powers and in personnel, but it desires only the extension of the first; a reform in personnel is the price it feels it must pay. It certainly would not agree to the abolition completely of the hereditary principle without any increase in powers. The Tory Party would naturally be reluctant to carry out such a reform of the Upper House without its consent, but a long view would seem to recommend such a

policy. The new qualification for membership should be nomination of distinguished men at the discretion of the Prime Minister, who would be expected to consult the other party leaders to see that the composition of the Upper House, probably not exceeding two hundred in number, approximated to that of the Commons. Lords of Parliament would hold office for life. It is suggested that nomination by the Prime Minister is only carrying on the present system, for Lord Iddesleigh showed in an article in *The Nineteenth Century* of December 1930 that the great bulk of the work of the House of Lords is even now carried on by created peers. In 1929 out of 2131 columns of oratory reported in Hansard, less than 639 were spoken by hereditary peers; that is, more than two-thirds of the time was occupied by created peers, bishops or law lords. An approximate balance of parties would make the debates, even now frequently at a higher level than those in the Commons, more real and vigorous, while the abandonment by the Conservative Party of all idea of using the Upper House as a curb on democracy would remove the Socialist Party's natural and justifiable dislike of bicameral government.

There is another broad aspect of the constitutional problem which will have to be dealt with in the next few decades—local government. Fifty

years ago, this subject would not have appeared in any study of the Constitution, but to-day it is of outstanding importance. So far as the organisation is concerned, that has already been rationalised and made into an orderly hierarchy of local authorities. It may well be that further simplification will be needed. It is doubtful whether the smaller Rural District Councils really discharge any functions which could not more efficiently be administered by County Councils, and whether there is any reason for the differentiation between boroughs and the larger Urban District Councils, while the multiplication of County Boroughs certainly leads to a duplication of officials and services and to administrative areas being far smaller than the optimum. There is also a case for County Council administrative areas being refashioned so as to deal with regions suitable in size and character to be a single administrative unit, and not on the historical basis of the old county boundaries. But the appropriate area of administration for one service, education, is unlikely to be co-terminus with the appropriate administrative area for another, roads. The solution will probably come gradually through an extension of the existing Joint Committees and Joint Boards.

The new problem is more fundamental. Is it possible for the present system of local govern-

ment to act as a suitable agent for the central Government in the administration of the many social services with which Parliament has now charged itself? Can part-time councillors efficiently discharge the many and diverse responsibilities that they have undertaken or are having thrust upon them in ever-increasing quantity? Will the central Government stop extending its influence over local authorities before the present tendency reaches its local conclusion of making them its direct agents?

The example of the Poor Law is instructive. For two and a third centuries the relief of the poor was the responsibility of each parish and administration and policy were in the hands of the overseers of the parish. In 1834 the Poor Law Amendment Act made the cost of poor relief a charge upon "unions" of a number of contiguous parishes, policy was entrusted to the Poor Law Commissioners in London, and administration was left in the hands of elected guardians of the poor for each union. In 1930 the cost of maintaining the poor was transferred to the wider area of the county; County Councils were entrusted with the administration and the Minister of Health, as successor to the Poor Law Commissioners, continued in theory to control policy. In 1934 the cost of maintaining virtually all the able-bodied poor was transferred to the national

exchequer, and the Unemployment Board was set up as a central authority to control both policy and to administer the law. It would be difficult to find a clearer example of the steady centralising tendency of the age.

In the case of the Poor Law, the control of the centre is now absolute in law; in the case of all other functions the control is indirect and incomplete, but still extensive. It is exercised by the power to make regulations and through finance, by making grants-in-aid conditional upon the Minister's requirements being satisfied and by requiring his approval to the flotation of loans. But this control, though extensive, is full of lacunæ and is far from uniform over different kinds of authorities.

It might seem that in the near future the local authorities, elected by the ratepayers, will be superseded and Whitehall will administer all social services through the agency of appointed officials. That would certainly be the logical development of the modern tendency, but logic is not much followed in this country. The disadvantages of centralisation are particularly apparent in social administration, and even in the case of the Poor Law, the Ministry of Health has found that good administration necessitates leaving even policy, within wide limits, to local discretion. Far more important is the force of



local patriotism and historical sentiment which will offer vigorous opposition to a policy of setting up a rigid bureaucracy entirely alien to our traditions. And Parliament might well doubt whether the destruction of the spirit of self-government, from which Parliament itself sprang, is not too high a price to pay for simpler and more efficient administration. Probably an ultimate solution will be found by leaving certain matters to local decision and centralising other matters under departments of State or non-political *ad hoc* boards, either national, as in the case of the Unemployment Assistance Board, or regional, as in the case of the Catchment Boards set up by the Land Drainage Act, 1930. Although some other countries like authoritarian government, our people prefer government by persuasion and are willing to make some sacrifice of efficiency to get it.

It is not only as administrative bodies, however, that the local authorities have become of overwhelming importance in recent years: they are now also amongst the largest traders and property-owners in the country. So far as trading is concerned, while the ratepayers may well desire to own these valuable undertakings, it by no means follows that they will want the management of them to be in the hands of representatives popularly elected on considerations quite remote

from their business capacity. So far as the properties are concerned, it is most undesirable that the tenants of large housing estates should elect councillors who administer the estates, and the indefinite extension of this practice might even cause a breakdown of the entire system of representative local government. Various suggestions have been made and experiments tried at home and abroad to divorce ownership, for which a local body is suited, from administration, for which it is not. The administration of housing estates might be vested in trustees or commissioners who would be independent of political influence; and in some trading enterprises the example might be followed of the Manchester Corporation which supplied £5,000,000 to the Ship Canal Company, thereby ensuring the completion of a great public utility vital to the prosperity of the city, but without burdening itself with the problems of direct management.

Just as the British Throne has remained firm while monarchies have been falling throughout Europe, so Parliamentary government may survive here although it has broken down in so many countries where it is not indigenous to the soil. If Parliament has lost prestige, two reasons account fully for that. In the first place, the matters with which Parliament is now concerned

are not such as to make lively reading. The House of Commons was seen at its best in the detailed discussion of the Unemployment Bill and the country will ultimately benefit by its work; but the newspapers did not report the debates fully, and if they had even the unemployed would not have read them. When Mr. Churchill said that the House of Commons is no longer dramatic, he was right, despite the fact that he is still a member, but when he recommended that it should try to become so again he was asking it to give up its honest toil and go on the stage. In the second place, Parliament has lost prestige because the country quite naturally, but unjustly, blames it for failing to offer a solution to unemployment and other problems which are insoluble by any system of government in an age of transition and readjustment.

The conditions necessary for Parliamentary government to survive exist in this country. It depends for its success upon there being real and deep divisions of political opinion upon methods and measures, and a still more profound sense of unity and solidarity upon great principles. That there are deep differences of opinion between the National Government and the Socialist Opposition needs no argument, but it is not perhaps generally recognised how many are the points of agreement. The Soviet Government has never

been able to understand to the present day why the British Labour Party definitely dislikes and fights Communism, and the Nazi regime in Germany was astonished to find that its forcible suppression of Socialist and other dissentient opinion in Germany was strongly condemned by the British Tory Party. The threat to free speech from Fascists or Communists in this country provoked a united front from all parties in the House of Commons and in the Press. In the British Parliament, political differences do not prevent personal friendships, and in the smoking room and libraries bitter antagonists on the floor of the House discuss their disagreements with complete candour and understanding. The House has a corporate sense transcending party which no West-End club possesses. The two most prominent survivors of the Clydesiders who came "to break up the atmosphere" of the House in 1922 are now amongst its most popular members and the most vigilant guardians of the customs and privileges of Parliament. What separates us as party men is less than what unites us as countrymen.

# CONSERVATIVES AND THE BRITISH EMPIRE

BY THE EARL OF IDDESLEIGH

THE Conservative Party has always been the party of Imperial development, and no study of Conservatism can be complete unless considerable attention is paid to this aspect of its philosophy. It is enough if other parties regard the Empire as an existing fact, to be treated empirically with general good will: to the Liberal and Socialist (professing world creeds) the Empire is an accident. They are dogmatic systems, theoretically at least applicable to all (or rather to all industrialised) countries, whether they now possess colonies or not. Conservatism is a British philosophy, not wholly applicable to other countries, and its attitude towards the Empire is a fundamental element in its thought.

What is the British Empire?

Professor Seeley entitled his book of studies of Imperial development *The Expansion of England*. Hastily, having in mind the Scottish contribution, substituting "Britain" we may well adopt this

phrase as the best summary of the object of our discussion.

Expansion is a form of growth. It is not, indeed, the only form of growth possible for a state. States may "grow" in other ways—in justice, in harmony, in intensity of national consciousness, just as a tree may grow in height or in density without spreading its branches over a greatly wider area. There are some thinkers (Mr. Chesterton is an example) who deplore the expansion of states, and believe that there is more virtue in small and simple countries which have not reached the stage of expansion or which have ceased to expand. But history provides us with no example of a developed country which has not aimed, within the limits of its power and often beyond, at expanding over wider regions of the earth's surface. Switzerland grew in size, until its expansion was checked by its neighbours. Sweden under Charles XII exhausted herself with vain but glorious conquests. Belgium rejoices in her Congo Province, and it would not be surprising to hear of a "forward" school in Andorra or Lichtenstein. Ancient history affords no comfort to the "Little Englander" or to the protagonist of small against large states. Athens was a more cultured and more beautiful state before she embarked upon "imperialistic" alliances. But her expansion—her system of

allied and dependent cities—was in itself a result of her cultural development; a necessary policy if that culture was to be saved from Sparta and Persia.

The valour and virtue of small states show us indeed that moral growth and cultural health may exist in circumstances in which further expansion is impossible. But it affords us no ground for admiration of deliberate abstention from expansion, for, in healthy cultures, such abstention is unknown.

The "Little Englander's" position is based upon an old-fashioned and discredited sociology. According to the older exponents of this science each tribe and its race develops, or "evolves," a culture suited to its own needs and circumstances. South Sea culture was explained as the reaction of Polynesian men to Polynesian circumstances. A gross and ridiculous connection between culture and material circumstances became fashionable. For example, cannibalism in New Zealand was "explained" as the "adaptation" of the Maoris to the paucity of edible mammals on the islands—an "explanation" that cheerfully ignored the imponderable fact that cannibalism was a religious rite of profound symbolic importance to those who practised it. From this theory of culture as the adaptation of men to their surroundings it was a short step to the conclusion

that it was unwise and wrong for one culture to supersede another. English culture, admirable in England, was "not for export," and imperialism, involving cultural expansion, was therefore condemned.

Now this view of culture as a sort of *genius loci* and the consequence of it—a shamefaced feeling about the Empire—are still with us—a surviving heresy. The old catchwords of autonomy—"Sinn Fein," "Egypt for the Egyptians," and so on—are loudly raised, and in the post-war period the liberal dogmatism of Woodrow Wilson erected self-determination into the principle of European reconstruction. But experience has been busily teaching, and it would now be generally admitted that, while the application of self-determination and nationalism may well suit the circumstances of certain people at certain moments in their history, yet that in the cosmic process generally these ideals play only a minor part.

The modern tendency in sociology—reinforced by anthropological research and archæology—is to stress the diffusionist aspect of culture. Instead of regarding each culture solely as the adaptation of a section of mankind to its physical circumstances, as their predecessors regarded it, modern anthropologists tell us that cultures arose in certain centres of diffusion and spread over



wide portions of the earth, undergoing transformation and some degree of adaptation, but retaining, as their most vital elements, certain peculiarities by which they are recognisable. It would not be possible within the compass of this essay even to summarise the vast mass of evidence on which the "diffusionist" conception of culture is based. Archæological discoveries have proved that even the most ancient civilisations overcame the difficulties of transport to a remarkable degree: articles from far distant countries are found among the ruins of ancient cities, and customs, art-forms, and habits of thought may be traced to origins geographically remote.

It emerges from anthropological research that new and valuable culture-forms arise, not from increasing adaptation of peoples in isolation to their circumstances (the "evolutionary" view), but from the meeting and coalescence of different cultures.

These cultural contacts often take the form of conflicts, and it may appear that the conquered culture is destroyed. But if we observe the course of the centuries we find that the loss is not real loss. Slowly the stronger elements in the defeated peoples emerge, and a new culture, which is more than a fusion of the two old cultures, arises. Thus the world is enriched by the contact that

results from diffusion. Thus the quarrels of conquerors and conquered, Roman and Gaul, Norman and Saxon, Arab and Spaniard, are resolved in the fullness of time to the benefit of civilisation.

If we accept the modern view of cultural diffusion and the formation of new cultures through coalescence we must arrive at a new and generally more favourable view of imperialism, which is really no more than the political side of cultural diffusion. Most sane men regard cultural progress as an end in itself. To develop culture is a categorical imperative to the possessors of a culture. But if we are to accept the position that we are right in bringing our culture to other peoples it is quite irrational to condemn us for bringing with it our political forms. If we are to share our religion, our customs, our ideas with other races, it is perfectly natural to share with them also our political loyalties, at any rate during the period that must elapse before our culture has been fused into new culture-forms with their culture or way of life. To admit the desirability of cultural diffusion and yet to condemn the expansion of political states into empires is to show a lamentable ignorance of political facts. The establishment of an empire is really the most humane and sensible method of regulating the general cultural expansion which

is an inevitable concomitant of national development. The history of the British Empire can to a great extent be told in terms of an attempt by politicians to develop institutions fitted to cope with the problems created by the expansion of Britain in its non-political aspects. So far from its being always true that "trade follows the flag"—in a chronological sense—it has rather been the case that the flag has followed the trader and the missionary. The political empire has often arrived late in the day in regions already penetrated by commercial enterprise—India is the most obvious example of this process—in an attempt to modify and control (especially in their relations with native peoples) the forces unloosed by the expansive tendencies of British life. Thus the home government, content with a theoretical sovereignty, paid little attention to New Zealand until its hands were forced by the need for settling the problems created by rapid emigration and the conflicts between settlers and Maoris; and our position in the Sudan was assumed reluctantly and largely as a result of the death of Gordon in the Mahdi's revolution.

It would be interesting to trace the operation of this principle in the history of the Empire; interesting, too, to discuss its numerous exceptions. But the Conservative has to guard himself against the tendency to live too much in the

past—though that temptation is less serious than his opponents' fault of ignoring the roots of life. It is the present state of the Empire that concerns us, and the need to elaborate a policy that may guide us in the future.

The most obvious factor in the situation to-day is that the tendency towards geographical expansion is not now operative, and, as far as can be foreseen, is not at all likely to be operative in the future. No one should be so imprudent as to state categorically that the expansionist mood, in which our fathers sang "Wider still and wider shall thy bounds be set," will never revive among our people. But at present, and probably for some time to come, the tendency is reversed and an opposite desire, to disembarrass ourselves of outlying responsibilities, has recently been manifest. So lately as the year 1919 our people accepted readily, if not eagerly, the increase in our responsibilities that resulted from the acceptance of numerous mandates. A "forward" school of empire-builders envisaged a long-term mandate, not easily distinguishable from an advanced protectorate, in Iraq. We showed little inclination to recede from the position which we had assumed in Egypt. But within a very few years—no doubt the coming of the first post-war economic depression dictated its moment and form—a violent revulsion was apparent. The

popular press, almost certainly reflecting the views of large and influential masses of the people, urged us to "clear out of Mespot." The abandonment of the Palestinian mandate was mooted. The policy of firmness in Egypt was modified, and, under a Conservative Foreign Secretary, a much larger element of conciliation was there adopted. It must be accepted as a cardinal fact (welcome or unwelcome) that the map-makers can put away the red paint for a generation, if not for ever. Geographically, the period of expansion is closed, and Conservatives with others must accept the fact.

Foreign opinion in the post-war decade was quick to draw the "obvious" conclusion. Great Britain, hitherto admired, feared and, usually, disliked, had entered upon a period of decadence. They observed the dramatic reversal of the forward and expansionist tendency. They saw the abandonment of responsibilities in Iraq and Egypt. They noted our refusal to pay the price of subduing the Irish rebellion. They observed the grant of the Montagu-Chelmsford reforms to India, and the clarifications, culminating in the statute of Westminster, of Dominion status. Liberals praised these developments, others laughed and prepared for the harvest of wind-falls. The Imperial sceptre seemed to be slipping from the tired hands of Britannia; perhaps Italy

(with "demographic" statistics), perhaps Germany (as Spengler prophesies), perhaps America (there was there no little talk of "natural destiny" in connection with Canada and the West Indies) would pick it up.

These views were based on a misunderstanding of the present situation of the Empire and of the genius of the British people. The real situation will become clearer when we have surveyed the present state of the Empire.

The Empire, regarded as the expansion of the British people, is a unit. In other respects we may conveniently speak of four Empires—the strategic, the old peoples', the contemporaries' and the new peoples' Empires.

The strategic Empire consists of those lands which are held mainly as bases from which our armed forces can act for the protection of our commerce, and the defence of other parts of the Empire. Gibraltar, Malta, Aden, Hong Kong, to name a few of them, are places of historic importance, and their problems, cultural and governmental, are of great significance. But they are not held as parts of the British Empire primarily for their own sakes. We are most certainly bound to give the Gibraltan Spaniards, the Maltese, the Chinese of Hong Kong, the very best government possible. We ought to encourage them to feel happy in the British Empire. But

our relations with them, are primarily and essentially governed by strategic considerations. If they ever lost their importance as strategic bases our attitude towards their problems would no doubt be somewhat different. At present, the prosperity of these bases is immensely enhanced by the trade and employment which the presence of our garrisons and dockyards bring to them, and their citizens benefit by the *Pax Britannica*, to which they are not asked to make any contribution in money or in military service. They enjoy as high a degree of self-government as is compatible with their strategic functions.

The case of Hong Kong is deserving of special consideration. The annexation of this Chinese island occasioned and still occasions loud protests from the nationally conscious section of the Chinese people. But many Chinese Nationalists have reason to be thankful for the existence of British rule so near the coast of China; for in the series of civil wars which have ravaged the Celestial Empire for so long many Chinese politicians of varying opinions have found in it, and in the British concessions in China, a refuge from their enemies. The presence in Chinese waters of a British fleet, necessary from our point of view for the protection of our trade, is welcomed by sensible Chinese in these days as a moderating influence on what would

otherwise be an all-powerful neighbour, Japan.

Most of these strategic colonies exist for the sake of preserving our route to India and the East. The possession of India has influenced our policy more than any other non-domestic factor; indeed, a long and most profitable study might be made of "The Influence of India upon England." Our Eastern possessions have given us a "mythus," to use the expressive term coined by Spengler: the "mythus" of the Sahib: the type of empire-builder whose prestige is based on the acceptance of responsibility and the maintenance of a high and peculiar code. The "Sahib ideal" has profoundly affected our politics, influencing in many subtle ways the attitude of those who are called on to serve and to guide the public. It has affected our cultural relations with Europe; not wholly for the worse (for a degree of detachment assists us in the maintenance of an ethical European policy), if not wholly for the better; detachment should not develop into isolation. "Nawab" fortunes affected our economic life at a critical period. Indian trade largely created modern industrial Lancashire. It is open to academic argument that the effect of the Indian connection has been unfavourable to this country. But academic arguments on the basis of "if it had not been" are of minor importance. For good or for evil,



the Indian connection has contributed to the making of England. The effect on India has been far more profound.

In this essay I am including India in that Imperial category which I have called "the old peoples." The great days of Indian civilisation lie in the remote past. The Indian of to-day is stamped with the marks of age, of a dead tradition. His complexities are the result of obedience to laws from which the spirit has passed. His simplicities are the simplicities of weariness; they differ profoundly from the primitive simplicities of Africa. To a great extent these considerations apply to other Asiatic races. We have to view our Asiatic responsibilities as a whole. We may be wise to separate Burma from India in an administrative sense (for her immediate problems are quite different from Indian problems). We may be glad that the responsibility of the Colonial Office for Ceylon has enabled a peculiar and very interesting experiment in constitution-making to be conducted in that island. But in the long run our action in India will profoundly affect the whole of the East; not only our own colonies, but very possibly French Indo-China and the Dutch possessions as well. The recent constitutional changes in Siam were not uninfluenced by Indian political movements. In a strange manner, Asia feels herself a unit; we

learned this fact at the time of the Russo-Japanese war.

The British came to India in the first place as traders, and many years elapsed before the pressure of circumstances (rather than any deliberate policy) compelled us to assume governmental functions. The enormous importance of the commercial connection (to both countries) is not as fully realised as it should be, and it is questionable whether sufficient weight is given to the opinions of the European commercial classes in India with regard to Indian affairs. These opinions are often at variance with the "official" outlook. Among the difficulties that to-day surround the Indian question it is supremely comforting to reflect that many representatives of commerce, especially the younger men, are undismayed, and even optimistic. Despite the "Swadeshi" movement for Indian industries, and despite the serious factor of Japanese competition, it is probable that the future will not show any serious diminution in trade between England and India, two countries which, from their difference in climate and their long connection, are particularly apt for commercial intercourse. It is encouraging to note what success the Ottawa arrangements between Britain and India have achieved, and that in a period of political uncertainty.

In the political sphere our achievement in India has been on a heroic scale. Probably the world has never seen a finer administrative body than the Indian Civil Service. Enormous difficulties have been overcome, immense problems at least partially solved, much contentment and peace brought to the numerous and diverse races and castes of India. The measure of our success is the difficulties that have been overcome rather than the results achieved, considerable though those results are. The mass of Indians are still miserably poor, and they are still very often exploited by their fellow-countrymen. But their state is an incalculable advance upon anything which they have previously known.

The development of the Indian Civil Service to a pitch so near perfection makes one wish that it were possible to subordinate all other considerations to the maintenance of its efficiency. But in fact this is not possible. I shall come later to a consideration of the cultural contact between Britain and India: at present we need only point to the obvious fact that it is our cultural influence that has stirred up among thinking Indians a desire for increased native participation in Indian Government. Recognising the existence and inevitability of the Liberal movement in India, our policy, ever since Lord Minto's Viceroyalty, has been to satisfy its demands by slow

stages. No other course would ultimately have been practicable: whatever may be the theoretical advantages of a paternal system of government, it is useless to preach them to a race educated on British lines.

The controversy which is now raging within the Conservative party as to the exact degree of self-government which it is expedient to grant in the present circumstances must not be allowed to obscure the fundamental agreement which exists as to the general policy of "advance" and "safeguards." No other policy is possible. The questions at issue are when, and under what conditions the Central government of India is to become responsible to Parliament, and when (immediately or at some future date) law and order are to be transferred to responsible ministers in the Provinces. The questions are of profound importance; grave risks are attached both to undue haste and undue reluctance, to transfer responsibility to Indian shoulders. It is, unfortunately, likely enough that, whatever happens, the efficiency of our civil government will be impaired, in the one case by politicians interfering with Civil Servants, and in the other case through opposition organised by extremists. But the questions are of opportunity rather than of general policy; of "when" rather than of "whether," and as such not particularly suited

to public discussion. For the public, however right its instincts may be, on broad questions of policy, is unfitted (by lack of special local knowledge) to judge questions of opportunity. Hence it is easily misled by platform phrases—such as “a policy of scuttle.”

In this place, I am concerned to give the Conservative view, and it would be out of place to give the views of one or of another section of Conservatives. I am myself a supporter of most of the proposals of the India White Paper, but I would not, on those grounds, consider myself any more or any less Conservative than those who disagree with me. It is, however, the boast of all Conservatives that they recognise the inevitable, and, say it hopefully or say it dolefully, it is inevitable that very soon, if not immediately, a considerable degree of responsibility will be granted to India, both at the Centre and in the Provinces. In view of Indian sentiment, no other solution can be in any way final. The Conservative party must accept the fact, and must try to ensure the smooth working of the achieved Constitution for the benefit of the Indian people and the whole Empire, and to take every step to ensure (under new forms) the continuance of the British Indian connection.

This will certainly not be accomplished merely by insisting on the “safeguards,” nor by the

irritating measure (which may, nevertheless, be sometimes necessary) of suspending Constitutional rights. Our chief service to India will be to develop there the spirit in which our Constitution works. The "ponderable" elements in the British Constitution, the elements that might be committed to writing, are mainly of a Liberal character. The wide franchise, the responsibility of government to the representatives of the electorate, the "power of the purse," the superior position of the lower house, these elements are particularly connected with the Liberal, the non-authoritarian side of our national mind. They are accepted and highly valued by Conservatives, but they are not primarily Conservative achievements. The "imponderables" of our Constitution are more especially the heritage and trust of the Conservative party; and these imponderables make for authority and stability. Such a maxim as "the King's government must be carried on" is not easy to understand. The peculiar position of the Throne, and the kind of influence which the King ought to exercise on politics, could not be defined by a Parliamentary draftsman. The relations between the Monarch and his Prime Minister, between the Prime Minister and the Cabinet, between the Cabinet and Parliament, between the Leader and the Party, are of the essence of the British Constitu-

tion; but the "code" on which these relations are based is not a written code, and depends for its observance on custom, precedent and tradition. No stability can be achieved in India unless the Indian Constitution is interpreted in the light of these factors.

By patience on the part of our people and press, by sympathy, by contact between cultured Englishmen and cultured Indians, a good deal can be done in this direction. More will depend upon the attitude of Secretaries of State. Conservative governments are likely to be more than usually careful in selecting men for this post in future. They must be men not easily stampeded into panic, not unreasonably pessimistic, and still less unreasonably optimistic, prepared to face the inevitable disturbances which "growing pains" will occasion. Above all, not doctrinaires, and endowed with very different ideals from those of the late Mr. Montagu.

But the chief burden will rest upon the Viceroys and Governors. For the Viceregal office we can wish nothing better than a continuance of the present type of appointment. For Governorships, it is permissible to hope for even more distinguished, and even more politically experienced, men than are at present appointed. It is impossible to increase the consideration which the Viceroyalty enjoys, but it might be

desirable that Governorships should normally be given to men who have held Cabinet rank with conspicuous success in British politics, and that a Governorship should be regarded as the crown of a distinguished career. These appointments should alternate with the appointments of very distinguished Indian Civil Servants, who should normally hold Lieutenant-Governorships with advisory functions, thus ensuring both Indian experience and constitutional knowledge. Only by giving our best can we make the Indian Constitution work at all; no one supposes that it can work without great friction and much trouble. But it is probable that the political sense of our people, which becomes apparent in the most unlikely quarters when the responsibilities of office are assumed, will preserve us from such grave mistakes as would be fatal to India.

It will be among the greater responsibilities of the Viceroy to ensure the harmonious participation in Indian life of the Princes, whose territories cover one-third of India. These men, in so far as they are true both to Indian culture and to the British ideals which they have been taught to accept, represent the finest fruit of Indian-British contact. Their willing co-operation can be counted upon at present, but its continuance will depend largely upon the treatment that is accorded to them. They have chosen to



take a part in the responsible government of India; one can foresee that many difficult situations will arise from that decision; but it remains an element of hope and reassurance.

In India, more perhaps than in other lands, political forms come and go, empires flourish and dissolve, leaving, at times, little trace of their activities. The value of the British-Indian connection will ultimately be judged, not by the tranquillity and material prosperity which we have brought, but by the effects of our rule upon the development of the Indian culture.

That culture is of immense antiquity and of a kind wholly different from the culture of Europe; so much at variance with our fundamental conceptions is the Indian outlook on life that it is only with the greatest difficulty that we can make any contact with it. We cannot even (at present) translate such fundamental conceptions as "Kharma" in Indian philosophy; it is only gradually that we are beginning to understand the meaning of the Dance of Shiva.

Our earlier educationists, following the advice of Macaulay, made no effort to found their educational system on an Indian basis. They have often been blamed for this attitude; and there is some apparent ground for the complaint of Gandhi that British Rule has robbed India of its traditions and substituted an alien culture

which India, in her inmost soul, rejects. But what was the alternative? Contact with Europe was in any case bound to challenge the beliefs of India: the Indian could not be prevented from seeking the new knowledge of Europe. In establishing the British educational system in India our fathers acted sincerely and generously; they gave what they had to give, fearlessly and wholeheartedly, and Indians flocked to their new schools and universities. What else could the Indian education service have done? Superficially, our culture, our systems of thought, have had an easy triumph. Generally speaking, the British educational system is paramount in India. The Indian schools, the Indian Universities, fill an enormous place in Indian life. If an Indian has the means or the brains to seek education it is almost always a British education that he will receive. English will be the language of instruction; English literature and science will be the content, and English (sometimes English-Christian) moral ideals will be set before him.

Our fathers made no error in giving India a British type of education, but they were probably to blame in not paying sufficient attention to the quality of the education given. Observers of the Indian Universities generally agree that the standard of teaching and the standard of education demanded of candidates are altogether too

low. The result of this relaxation of standards is the "babu," perhaps the most tragic figure in India. Degrees at Indian Universities are given far too easily, and the result has been the production of a type of native who has acquired a smattering of English culture but who has not digested it and cannot put it to use. The "babu" is fundamentally ill-adjusted to life, and his existence does give ground to those who deplore the British Indian connection. Even among the better adjusted products of our education in India we often see examples of a complete failure to absorb what we have tried to teach and what they have tried to learn.

Since the war, the personnel of the educational service in India has been increasingly "Indianised": that is, opened to native Indian recruitment. This tendency will almost certainly increase. There is a real danger that we shall cease to take a vital interest in the development of Indian culture; and without the creative urge which Englishmen have supplied in the past, there seems to be little hope for its future. But if we wash our hands of Indian education we shall be failing in our greatest responsibility. We ought rather to aim at preserving the cultural tie with India, as we have preserved and strengthened the cultural ties with the Dominions. Indian Universities should be encouraged to raise their

standards and to expect confidently the best that England can give them. Such is the policy of Japan: the Japanese Universities have succeeded in attracting some of the greatest English and American teachers and writers. India has been too easily content to ask for, and pay for, only the second best. We on our side can encourage cultural contacts on the highest level by establishing a system of exchange professorships, and in many other ways interesting ourselves in the problems of Indian education.

A closer study of Indian thought is very greatly needed. This has been curiously neglected in Great Britain. Indian philosophy has not been expressed with the same clarity, or anything approaching the same clarity, as the philosophies of the West. The whole subject has been prejudiced by the Theosophical Society—a body of not very scholarly persons who have exploited the more sensational elements in Indian religion, in such a manner that sober scholars are repelled rather than attracted. But there is much room for joint investigations by Indian and British scholars of the thought that lies behind Indian religions; and such a study would in more ways than one be repaying. It would possibly teach us a better “method of approach” to the native scholar. Enough work has already been done in this field

to prove that the subject repays the most earnest attention of scholars.

Signs are not wanting that there are real possibilities (for the future) in the contact between Indian and English thought. Rabindranath Tagore is an example of a man who has absorbed and fused the best thought of East and West. Indian scholars and Indian reformers, having learned British ideals, are attacking the social problems of India in a manner which we could not dare to emulate. It is British educated Indian opinion that is attempting to suppress child marriage. Gandhi's heroic (though probably premature) campaign for the rights of outcasts owes its real inspiration to his British education: to the ideals of equality before the law which we have taught India. We may hope to learn how to adapt our culture to the Indian mind, and we need not despair of seeing, in the distant future, a genuine Anglo-Indian culture arise.

From the complexities of the ancient civilisations of the East we turn with a certain relief to the group of peoples whom I have designated "The Contemporaries." With relief, because the possibilities of the relations between peoples that are in much the same stage of development are enormously great. In the Dominions we see a group of nations which have adopted our own

institutions, which are largely descended from our own ancestors and whose culture has developed, principally, from the same sources as our own. And yet the differences between the citizens of Dominions and the citizens of Great Britain are great enough to make our relations "a good cross"; to stimulate, and not to lull. It is fortunately possible for the Dominions and Great Britain to understand each other; equally fortunately, they will never be likely to become a mutual admiration society. We ought, therefore, to be able to react on each other in such a manner as to produce cultural results of very high value. With the Dominions it is not a case of our spreading our own culture but of the mutual blending of different streams of the same culture, diversified by such valuable foreign elements as the French Canadians and the Boers. But we must first learn the means of approach.

Across the threshold of any excursion into Imperial relations there lies the eternal question of Ireland. This question is not being faced to-day in England. There is a tendency to ignore the difficulties that exist between the two islands. That tendency is regrettable: and in the long run it may be disastrous.

Constitutionally, Ireland is a Dominion. Actually, she is as much a part of the Mother

Country as England or Scotland. All the Dominions, and especially Australia, have large Irish populations; and the number of Irish or half-Irish living in England and Scotland is very great. The Empire, and we may even say England herself, is an Anglo-Scottish-Irish construction.

Ireland's position as Mother Country as well as Dominion is a factor that must never be forgotten, and it must be especially remembered in these days when the question of the secession from the Empire of the Irish Free State (which is not Ireland) is being discussed. Although the theoretical question of the "right of secession" has never received a formal answer, yet we all know that in fact, did South Africa or Canada *desire* to secede no opposition could be offered by this country. But the secession of Ireland is a very different affair, and needs quite different treatment. As a political move, a formal admission by Great Britain of the Free State's right to secede might in some circumstances be advisable; it would cut the ground from under Mr. De Valera's feet, for he owes his position very largely to his pose as the champion of an enslaved people, and it is very hard to see what harm Great Britain would actually suffer from such a pronouncement. But if the Irish Free State took advantage of such a declaration Mr.

De Valera would be guilty of a political manœuvre without ulterior meaning. "Secession," in a political sense, would not make Pat Murphy of Belfast a Covenantanter, Joseph Mulligan of Liverpool an Englishman, John Brogan of Glasgow a Scotsman, or Michael Leahy of Melbourne an unhyphenated Australian. Nor could these numerous gentlemen really be treated as aliens in the countries of their adoption. No doubt some Scottish patriots would welcome the chance to forbid Irish immigration into Glasgow, and might even attempt to deport recent arrivals. But really wholesale deportations (on the Turkish-Greek scale) would never be permitted; they would involve hardships and even brutalities of which we like to think ourselves incapable. In fact, if not in form, we are indissolubly linked to Ireland, and, though we have hitherto made the worst of it, we must in the future try to make the best of it—perhaps our most arduous imperial duty.

During the post-war period much constitutional work of the greatest interest and significance was done on the relation of the Dominions to Great Britain. In 1919 the Dominions were represented by Plenipotentiaries at the Peace Conference, and thus assumed definitely the character of Sovereign States. They now appoint their own Consuls and



Ministers and receive the Ministers of Foreign States. The Governor-General, who may be selected from among Dominion subjects, is the personal representative of the King, and has no responsibility to the British Prime Minister or to the Secretary of State for the Dominions. Agents represent, in a semi-diplomatic manner, the British Government in the Dominion capitals, and the Dominion Governments in London. The Statute of Westminster placed the Dominion Parliaments on a complete equality with the Parliament of Great Britain.

These changes, there can be little doubt, were necessary and wise. It is proper to recognise the full nationhood of the overseas Britons; any attempt on the part of the home government to obstruct the demands made would have prejudiced the continued adhesion of the countries concerned to the Empire. It must be remembered the Dominion loyalty is primarily loyalty to the King and to the Dominion, secondarily loyalty to the Empire of which the Dominion is a part, and only in a smaller (though still considerable) degree does a special loyalty to the British Isles exist. The new constitutional arrangements recognise these facts, and posterity, in forming a judgment of contemporary statesmen, will have to give them considerable credit for acting in accordance with

realities in this very delicate matter.

But we must admit that during the past fifteen years the emphasis has been very largely on those factors which tend to separate the Dominions from Great Britain, and insufficient attention has been paid towards strengthening the links of Empire. The old ties were unsuited to our present position, and out of harmony with Dominion ideals. They have been swept away, and justly. But they have not yet been adequately replaced by new ties. That task is left to the younger generation of Empire-lovers, and it demands our most serious attention.

The Royal House of Windsor has so far taken upon itself much of the burden of fostering the Imperial connection. The tours of the Prince of Wales and his brothers have been of quite amazing value in these later years. In sacrificing so many years of his life to the very arduous tours of the Dominions which have been so successful, the Prince of Wales followed in the footsteps of his father, and has brought back to this country the same message of "Wake up, England." There is no need to speak of the many aspects of these tours. They are very well realised and very greatly valued by all sections of the public. Particularly interesting was the action of the Prince of Wales in identifying himself with the economic life of Canada by becoming a Canadian ranch-

is economics. As a contribution to Imperial Unity the actual preferences (and those given by the Colonies as well) are probably too small to be of much account. But the importance of Ottawa does not lie so much in the concrete results achieved as in the general admission of the principle of the economic federation of England and the Dominions. It must be regarded as a not unhopeful commencement of a new phase in our relations rather than as an achievement. It is a task for the future to strengthen and increase the value of such relationships.

The difficulties are very great. When a preference on Empire goods is granted, either by Britain or by a Dominion, and still more when an extra tariff is imposed upon articles of foreign growth or manufacture, a very considerable number of commercial undertakings are adversely affected. Cries are not infrequently raised against cheap imports, notably from Japan. We have to remember that a great many people are making a great deal of money from such imports. Consequently, any effective preferences will meet with opposition, and such opposition must be reckoned with.

Currency changes may neutralise preferences; this is another and unsurmounted obstacle to inter-imperial commerce.

The Free Trade opposition is by no means

negligible; its influence will be felt from time to time.

The long view favours Imperial Economic Unity; but we know how seldom the long view prevails in politics. The Dominions are seeking to establish manufactures; it will be increasingly difficult to persuade them to accept our chief export-manufactured goods. Coal, our chief natural product, is being increasingly, though perhaps not inevitably, superseded by other sources of power.

The mere enumeration of the obstacles to Empire Trade forces us, not indeed to despond, but to ask ourselves whether the steps now being taken to promote it are adequate. Except for the rare meetings of Premiers at the Imperial conferences the only official connecting links between Britain and the Dominions are the Dominion Office in London and the various Agents-General. These channels of communication are perhaps adequate for the routine transaction of business, but they are quite unable to perform that other (increasingly important) function of the Civil Service, the initiation of policy.

In theory, policy is the concern of Ministers, not of Civil Servants. But the smallest acquaintance with politics disproves this theory. A very great number even of major measures are prepared in the departments, and perhaps pigeon-

holed until Parliament has time to deal with them. This procedure works well in domestic affairs; indeed, the complexity of modern needs makes it necessary. But there is nothing of the kind in the sphere of Imperial politics. The occasional Imperial conferences may reach some measure of agreement on broad and general lines of policy, but hardly ever can they be expected to prepare actual measures like the Statute of Westminster (which was a very simple piece of legislation) for submission to all the Parliaments of the Empire. It is certainly not the function of the Dominions Office or of the Agents-General to prepare such Bills. And yet, without a common policy (which will necessitate common legislation) we cannot expect to remain united.

Similar conditions exist in the economic sphere. The Ottawa agreement, arrived at after a process of exhaustive bargaining, is obviously not written upon tables of stone. When ordinary domestic tariffs are imposed authorities are set up to observe their operation and if necessary to propose and to effect (in the national interest) modifications or increases. No body exists to review (far less to revise) the Ottawa agreements, in the interests of the Empire as a whole, nor is there any official body charged with the duty of preparing the ground for another Imperial

Economic Conference. The Dominion and Indian representatives who are to meet in London next year (1935) will bring with them, no doubt, reports upon the effects of Ottawa on their own countries: but no report based upon purely Imperial considerations.

The same considerations apply to Empire Settlement. In theory, everyone agrees that it is desirable that the population of the Empire should be better distributed; and this means that overpopulated Britain should send her inhabitants to the Dominions at the rate that is best for their settlement, absorption and employment. But no one is charged with the consideration of the matter from this point of view. The emigration officials of Great Britain and the immigration officials of the Dominions (although they personally may be and in fact often are men of wide views) are acting, not in the Imperial interest, but primarily in the interests of their own countries. In fact the question is not "Does the Empire need migration and settlement?" but "How many and what sort of migrants would benefit my part of the Empire?" Any person dealing with Overseas Settlement officials will realise, indeed, their great courtesy and (in difficult circumstances) efficiency. But he will not, officially, meet with a point of view based upon a realisation of the needs of the Empire *as a whole*,

to which the interests of component parts should be subsidiary.

The problems are not at present being seriously or continuously considered; it would be very desirable to set apart a specially chosen body of men (responsible to the Imperial Conference) to consider and prepare a line of policy and to draft measures which (being accepted by the Premiers of the Empire) could be submitted to the Parliaments for ratification. They would subsequently be charged with the execution of the policies.

What we want is an Empire (Home and Dominions) Service, recruited from all the Dominions and serving now here, now there, in London and in the Dominion capitals. There should be in every Dominion an Imperial Relations Office, the counterpart of the Dominions Office in Whitehall, with a Minister in charge of each and a portion of the staff transferable. Enormous good could be done by a few hundred officials, recruited from all over the Dominions and serving a few years under different Ministers in each capital. Such a staff would evolve an *esprit de corps* and a point of view; its members would be able to give the most valuable advice to their Ministers and would ensure both continuity and development in the special sphere with which they would be concerned. They would be divided into departments, Political, Com-

mercial, Settlement and Defence. The personnel would be recruited from the very best available material.

Such a career would attract many Rhodes scholars. It has long been realised that Rhodes' forethought and generosity have not been adequately used. With their qualities and education Rhodes scholars should be given much greater opportunities of serving the Empire than are at present afforded.

It would be well worth the while of the Home Government to bear, for a few years, the whole expense of such a service. It would no doubt meet with opposition from certain isolationist elements in the Dominions, and the pioneers of the service would have to use much tact so that they should not be regarded as strangers prying into the Dominions' domestic affairs. But these are difficulties that could be overcome, especially if the finance of the service were put on a basis so firm as to prevent hasty sacrifices in periods of retrenchment.

To considerations of economy, that most valuable Imperial experiment the Empire Marketing Board was sacrificed. The Dominions were not sensible of the immediate advantages of the propaganda and other services directed by the Board. The Home Government, with a short-sighted and unworthy parsimony, refused to bear



the whole burden of expenditure, and a most promising undertaking came to an end. It is particularly regrettable, for the Empire Marketing Board was an experiment, not only in Imperial relations but in contact between government and people. Governments to-day do not exist merely by consent of the governed. They exist by creating a public opinion favourable to themselves. It is therefore vital that statesmen should understand the art of propaganda, and nothing could have been more to be desired than that a body of representatives of the Empire as a whole should experiment in the use of propaganda. Mistakes such as the abolition of the Empire Marketing Board are not easily retrieved.

Beyond the sphere of Governmental relations there are enormous opportunities for the cementing of Imperial ties through social and cultural contacts. The old snobbishness, as a result of which "Colonials" were despised and patronised for every difference in manners or outlook by the wealthier English, has almost completely disappeared. Social contacts are increasing. The Public Schools are beginning to teach young men to look for careers in the Dominions. Visits, official and unofficial, are more frequent. The Anglican Church is a valuable link of Empire; the higher clergy in Australia and South Africa are recruited from England, and they are able

to do much to spread knowledge of England in the Dominions and of the Dominions in England.

There is room for increasing contact in the field of Sociology. Conditions in many parts of the Dominions are sufficiently similar to English conditions to make exchange of experience very profitable. When one hears of London magistrates and probation officers studying a method of dealing with marital disputes which had been the subject of experiment in Johannesburg one realises the value of the Empire as a field for experiment and valuable co-operation. In many other directions we can and should learn both from the successes and from the failures of the Dominions, and they from ours.

In the field of education there is an increasing contact between us. At one time, shortly after the war, the prestige of the United States was so immensely great that both Britain and the Dominions seemed principally intent on forging educational links with that country rather than with each other. So much energy and money were devoted to fostering Anglo-American relations that, in education as in other spheres, Imperial links were forgotten. In Canada especially this tendency had dangerous results. It must always be remembered that in this Dominion, and especially in the prairie provinces, many people have connections with the United States; and it

is potentially a danger to the Empire when too much English attention and adulation are paid to American institutions. Fortunately this tendency has been reversed lately. Arrangements have been made, and are working well, for the exchange of teachers between schools of different types throughout the Empire; the experience and knowledge gained are valuable to all parties. More attention is being paid to the Dominion Universities in Great Britain; literature produced in the Dominions is studied here, and their problems are gradually becoming familiar to the citizens of the Mother Country.

Genuine national cultures are growing up in the Dominions, closely allied to the parent culture of Great Britain. Each Dominion has, and will continue to have, its own peculiar orientation. The French of Quebec will always have their influence upon Canada, and it may be that the future will see that influence increased by a breaking down of the barriers of exclusiveness with which they have surrounded themselves. The very large Irish element in Australia will have an influence upon that country's development. The Boers are settling their quarrels with the English in South Africa, and it may be hoped that the two nations will be better able to work together in the future than they have done in the past. But while each Dominion has

its own special character, they are all intensely English in feeling, thought and culture. That the unity is more than a unity of language will be apparent to any one who, having lived in the United States, crosses the Canadian border.

Through the fuller development of all sides of our relations with the Dominions a world force of great value will be preserved. Over wide territories certain ideas, which we think of as especially English in their presentment, will be spread—ideas of a traditional freedom, a certain way of approaching the issues of life, of balance, of tolerance. This association of nations, without territorial ambitions, concerned with their own internal development, is so organised that it can never be aggressive, must always be an influence on the side of world peace. The reaction of the Dominion cultures on Great Britain and the reaction of British cultures on the Dominions will save the Empire from stagnation, so that it is likely to prove permanently fruitful to civilisation. Had a wiser policy inspired the rulers of Spain the same might have been true of the Empire of South America, that at present stagnates in disorder. From that fate only resolute and wisely planned effort will save our Empire also; the lesson is plain to read.

We have dealt with the older and the contemporary peoples of the Empire: we turn to

those races that we have called "younger peoples." Scattered throughout the Empire, but particularly in the African colonies, are races that have never reached anything approaching cultured maturity. Except for the Egyptians, and perhaps the Arabs, none of the African peoples have reached the stage of civilisation. I am not forgetting the Zimbabwe ruins; but, whatever may be the meaning of these puzzling erections it is fantastic to suppose that a real negro culture ever existed in Rhodesia.

The "virginity" of the African mind (so far as culture is concerned) differentiates the African problem from the Indian problem: scarcely have they one factor in common. In an African system we must sedulously refuse to be guided by any Indian principle or precedent: it would be fatal to apply to the African, whose achievements lie in the future, those concepts which have proved themselves useful in the government of Indians, where such great achievements lie in the past.

For countless centuries the peoples of Africa have lived their own remote and secret lives. The Egyptian culture grew, flourished and decayed, leaving the negro, so far as we can tell, almost untouched. The Phœnician-Semitic culture and the Classic culture produced an amazing growth of civilisation in North Africa, and died away upon the summits of the Atlas Mountains and

the sands of the Sahara. The Early Christian and Arab cultures reached out to the sources of the Nile and across the desert and left their marks on the coast; but the tribes of the interior, if they knew the Arab at all, knew him only as slave-raider. Certain tribes accepted Islam (which is still an important missionary force in Africa), but the impulse of conversion died away.

The Europeans came in their turn: seafarers, they built trading stations and slave-castles along the coasts. They created the "Africans of the Diaspora"; peopling—an act of the profoundest significance—the West Indian Islands and great parts of North and South America with slave-descended negroes; but the 19th century was well advanced before the interior of Africa was even explored.

No one can guess what was happening in Africa. There were wars, tribal and racial migrations on a great scale. Some advances were made in the use of tools; handicrafts and agriculture (possibly through external influence slowly percolating) reached a certain low point of development. Save for the mysterious ruins of Zimbabwe there was no building—not even megalithic construction. Religion, perhaps originally pure, became entangled in a mesh of magic. No script was developed, no philosophy arose.

Only, as the centuries wore on, the races of Africa became impregnated with what cannot be called a culture but can be called a "way of life." There is a certain dark and mysterious, but recognisable, African psychology. Africans do seem to possess certain mental powers of apprehension that are not easily explained. What power of the African soul is it that accounts for the transmission of news over great distances? The facts are in dispute; but there is something like general agreement that powers of this kind do exist. Something unique in the African soul must be the basis of the "drum language" of Ashanti, which would seem, on general grounds, to be an achievement beyond the range of the native.

There is some spiritual element in the African that expresses itself in certain rhythms. African music is of a kind so different from ours that its very existence is sometimes denied. But when the African comes in contact with Western music he alters it, affects it, in a way that shows that he has his own approach to music. It is intensely interesting to note that the African in America has evolved, and imposed on the European, his own music forms—music forms of great complexity, and sometimes of startling beauty. Negro-derived dancing has captured the world, for the world is becoming faintly conscious of the attrac-

tion of the complexity of the negro rhythm, and finds in it something more interesting (even in the very debased form of jazz music) than the simple rhythms of Europe.

Certain schools of artists find inspiration in the African carver's treatment of masses.

These African qualities may one day form the basis of an African world-culture.

Cultures, however, are not spontaneously generated. Culture comes through contact with different races; through crossing (intellectual or physical); through colonisation and conversion. The Africans, left to themselves, have produced no culture; and only because they are now in contact with Europeans is there a chance that an African culture will be born one day. The African colonies may be the seed beds out of which a strange new plant will grow; it may be in five hundred, it may be in a thousand years. The possibility of an "Africo-centric" world is very seldom envisaged; so far as I am acquainted with the writings of those who construct their Utopias in the future, none of them has given Africa any place at all. But what cultured Egyptian of the great period would have prophesied the Greek civilisation? What Augustan would have thought of the British Empire?

These speculations have perhaps only a very



small importance to-day. But there is at any rate something to be said for treating Africa as a country with a future as well as a present. We cannot, and in fact, do not, treat Africa merely as a convenience—a source of immediate profit, a reserve of labour. The pure exploiter exists, but most emphatically he does not exercise a preponderating influence upon our colonial administrations. It is well that we should all be vigilant against the trader and the settler who have (if they have) no other purpose than to enrich themselves at the expense of the native. But those who exercise that vigilance, particularly of course in the Labour and Liberal parties, do not adequately study the questions at issue and do not try to support the British officials of the Colonial service who are inspired by very different ideals. Conservatives at least should, and to some extent do, realise the greater possibilities of Africa. And yet, it is strange how little thought is devoted in England to African questions.

The British colonies in Africa (leaving aside for the moment the Union) are sufficiently extensive to be the determining factor in Africa's future. The French influence will naturally be a strong one; our colonial system differs very widely from theirs, though it may well be true that we have something to learn from our neigh-

bours and they from us. There would be something to be said for some redistribution of African colonies between us and France; for on the West Coast a certain type of native moves continually from one colony to another, and this complicates administration. Gambia, for example, is to some extent an anomaly, and might advantageously be exchanged for a strip of Dahomey. This step would be justifiable in the interests of the natives. It would, however, be a very great betrayal of African interests if we were to restore the former German colonies; not merely because the Germans were (on the whole) unsatisfactory rulers, but because it would be an admission that colonies were regarded merely as chattels, subject to European bargaining and not as integral parts of our Empire.

Our fathers have given us an African Empire which is reasonably secure from internal strife. It is unlikely, provided we remain vigilant, that we shall be seriously troubled by armed insurrections on a large scale. Slave-raiding, though not extinguished, has been reduced to very small proportions. We are in a position to limit and control the greater epidemics. We have established a system of justice which does at least cover the ground. Conditions, in short, have been established in which we can work; in our consideration of the best policy to adopt in Africa we

need no longer be hampered seriously by sudden emergencies.

There is another accomplishment to the credit of our fathers: a considerable number of Africans have accepted Christianity. There is a widespread net of mission stations over Africa; a point has been reached in some colonies at which most considerable villages contain some representatives of Christianity, or at least some natives who, through hospitals or schools, have come in contact with missionaries. Paganism is on the whole a declining force. On the coasts it is practically extinct.

There is no purpose in exaggerating the spread of evangelisation. Many of the converts are deeply unsatisfactory. Shocking abuses occur, especially in those churches where native pastors have been too hastily ordained and given too much responsibility. The value of many mission bush schools and kraal schools is small. Polygamy is widespread among otherwise observant native Christians. Relapses into paganism are common, and there are plenty of pagan revivals, often associated with secret societies with programmes of murder and insurrection. The missionaries generally have not succeeded in eradicating the belief in witchcraft.

But the seed is there. Individual Christians are made by grace, but a Christian people is the

result of generations of effort. Throughout the long centuries of the Dark Ages in Europe, Christianity, for the bulk of the population, was little more than nominal; but at last a Christian civilisation emerged. So it may be in Africa also. The difficulties, the reverses, are not serious. The children, generation after generation, are being taught Christian principles. Paganism is ceasing to satisfy. It is true that Islam is advancing rapidly in some parts of Africa, but Islam is not wholly alien to our own religious ideas, and its diffusion is not necessarily to be accounted such handicap as is, for example, Hinduism in India.

This is a factor of the very greatest importance. Community of religious belief between European and African will enormously increase the possibility of the fruitful intermarriage between European culture and the way of life of the African. We shall not be handicapped, as in India we have been handicapped, by the persistence of religions utterly alien in their thought and customs to our own.

There is, then, a particularly sure foundation on which to build. Clearly it will be the task of our own and of future generations to give their best to Africa. There is evidently a need for more educational work, stronger governmental machinery, more effort and more thought. Un-

fortunately, these developments must be paid for. African colonies are not able to afford the expenditure that is needed if British institutions are to work with perfect success, and all colonial administrations are handicapped by lack of funds. There would be more readiness on the part of Great Britain to devote money in the form of loans for African development if our trade with Africa were larger. But in East Africa we are handicapped by the Congo Basin Treaties, which forbid us to impose preferential tariffs in favour of British goods. These treaties are so contrary to the spirit of the 20th century, so redolent of 19th century Liberalism at its worst, that their abrogation should be seriously considered. They are in fact a handicap to the development of Africa, and so contrary to that paramountcy of native interests to which we are pledged.

If more ample funds were forthcoming a vast amount of work could be accomplished by an enlarged British Colonial Service in Africa. Citizens of the Dominions might with great advantage be recruited for such a service; Africa deserves not only England's best but the Empire's best; and it would be well if the Dominions were invited to regard Africa as a common concern. As things are, there are not nearly enough British magistrates, educators and engineers, and the

quality of our government is bound to suffer from these causes.

Lack of funds and lack of men have very largely been responsible for the initiation in some districts of the cheaper system of Indirect Rule. The relics of native chieftainships and kingdoms are established upon thrones (under conditions which by no means correspond to the conditions in which these kingdoms flourished) and these rulers are told to administer their districts under the benevolent, but distant, surveyance of British officials. Except in certain cases (such as the Northern Nigerian Emirates) the system does not work well. The native rulers do not understand the British ideas of justice to which they are expected to conform, and they are apt either to neglect or to misuse their powers. On the one hand they are forbidden to act according to their own instincts—in the matter of punishing witchcraft by death, for example—and on the other hand they are expected to enforce British laws and regulations which seem to them unnecessary and unreasonable.

The system of indirect rule is commended by some on the grounds that it teaches the native responsibility. In point of fact, this defence is often invalid. Responsibility can much more surely be taught by admitting, very slowly and cautiously, Africans of the best type to the lower

ranks (at first) of our Colonial Service; though we must guard against an Africanisation as rapid as the Indianisation of the Indian services.

With regard to the type of education which the native ought to receive there is much interesting controversy. It is fashionable to-day to call attention to the differences between the African mind and our own, and to deduce from these admitted, but very little understood, differences the supposed necessity for a wholly different type of education. Various experiments in education "on African lines" are being made in different parts of Africa; it is already more than doubtful whether these experiments are likely to be fruitful. Although the mental make-up of the African should be considered with care when selecting the means of approach, it is probable that we shall find that the content of any education supplied by British teachers must be our own British culture, for in the long run we can only inculcate our own beliefs. When we hear of British teachers attempting to base their education on African customs, art-forms and conceptions we may admire their ingenuity, but we must doubt the possibility of their success. Sincerity is a prerequisite of success in teaching: and complete sincerity must surely be lacking when teachers attempt to inculcate any other set of ideas than their own.

We are not in Africa in order to establish an anthropologist's paradise; it is rather our duty (if we believe in our own culture) to spread a type of civilisation in which we ourselves believe; regulating the rate of advance by the capacity of the African to absorb our culture, but not hesitating to aim at imposing our own standards. That which is fundamental in the African mind—the rhythms of his way of life—will prove to be indestructible. We can best serve him by imitating the methods by which the Romans created the nations of Europe; that is to say, by imposing their own culture upon the tribes they had subdued and giving to the tribesmen (by slow stages) a share in Roman citizenship. The Romans very rightly acted on the assumption that their own culture was, not merely superior to the barbarism of the provincials, but universally valid. They made no attempt to preserve native institutions. And yet they did not destroy, but strengthened and enriched, those elements in the subject peoples which were of permanent significance. We cannot do better than imitate them.

The special problems which have been created in Kenya by Indian immigration and European settlement are so complicated that, in this short study, it is not possible to deal with them. We must begin by realising that the problem is a



complicated one, not to be solved or affected by mere phrases. In certain circles in England there is a tendency to seek undue simplification of the questions. In Left Wing circles, the settler is often regarded quite simply as the villain of the piece. In other circles our pledge to regard native interests as paramount is evacuated of all meaning. Both views are unhelpful.

In this matter we have to remember that the treatment of native questions by the Union of South Africa is bound, for good or for evil, to have an effect upon the problems of other parts of Africa. The Union has made very many mistakes, from which we can learn; but we should not too readily assume that the native policy of the Union will always be mistaken. In this year (1934) the fusion of the Nationalist and South African parties has marked a great advance in the solution of the Dutch-English racial problem in the Union. It is permissible to hope that the leaders of South African thought will be able to devote themselves to the solution of the other and greater racial problem. We should watch their experiments with more sympathy than we do at present; and, should they arrive at a just solution, whether on the lines of segregation (a partial remedy that is being suggested in some quarters) or of native education—Rhodes was prepared to recognise the

equality of all educated men without distinction of colour—or on any other lines, we should be ready to learn from them. In fact, a great part of the initiative in African problems lies in the hands of the leaders of the Union, and it is vitally important to keep in touch with them. But until South Africa shows more signs of capacity to rule natives that still possess a tribal organisation than she does at present we must hesitate to hand over to her rule African tribes for which we are responsible.

A word may be said on the position of the mandated territories. In practice, Class C Mandates are ruled on the same lines as other parts of the British Empire; there is considerable advantage in the provision that calls for reports of administration being sent to the excellent Mandates Commission of the League of Nations. The disadvantages of the Mandates system lie in the encouragement of false and unrealisable hopes of restoration to Germany. In many ways it would be an advantage if a Commission of African Powers—Great Britain, the Union, France, Italy, Belgium and Portugal—were substituted for the Mandates Commission of the League. From such a Commission great and beneficent results might arise in the shape of co-operation in the development of Africa by Powers which are actually interested in, and so com-

petent to judge, African problems.

In the years that lie before us the British people will have their chance to accept or to reject a burden of Empire different in kind from the burden which our fathers assumed. The age of expansion has passed; the age of pioneering has almost passed. Our task, if we will accept it, is to develop and to preserve our inheritance, not for ourselves but for the future. It is a hard task, calling for resolution and sacrifice, and there will (especially under modern democratic conditions) be many among us who will call for its abandonment. "Craven fear of being great" will assail us under new forms; and those who are persistently attacking, from various quarters, the traditions and culture of Great Britain will make us doubt our right to spread that culture to other peoples. There is danger both from those who over-estimate and from those who under-estimate the economic importance of the Empire, and danger both in hasty consolidation and careless devolution of government.

The Empire is beyond party politics, but Conservatives will be called on in the future as in the past to play the chief part in retaining it. The task is reserved for those who understand its character, realise its possibilities, and bear its ardours and endurances.

# THE ELECTORS DEMAND A POLICY

BY E. THOMAS COOK

THIS chapter is concerned with the point of view of the average thinking man and woman. If its contents strike the reader as conglomerate, arbitrary and pedantic, it may be the more representative for those very reasons.

The word that best describes the point of view we are discussing is, perhaps, "disinterested." Electors in practically every Parliamentary division are little concerned with political matters, or even with matters more intimately affecting them, such as municipal and local government. Since the beginning of last year this disease of careless abandonment in political affairs seems to have been growing. The electors hear a muffled buzzing inside the House of Commons and behind the closed doors of party organisations, but few sounds which denote substantial activity. That the acoustics of Parliamentary government should be so bad is, in fact, a more peculiar phenomenon than the soporific attitude of the electors which is its natural result.

Of course the policy of a party in power and the work of its collateral organisations in the constituencies have always been characterised by bad propaganda and by decisions which appear at any given moment to be incomplete, untidy and often trivial. But at a moment like the present the outside student of politics may be forgiven for wondering whether party leaders really understand why the electors are bored with the very word politics, why the most generous of party supporters is elusive, why the interests of finance and commerce are unconcerned and ungrateful for the work which the National Government has done.

Students of politics are, no doubt, a nuisance; they serve nobody but themselves. At the same time, trite as the remark may appear, they, together with the whole paraphernalia of political organisation, prospective candidates, agents and executive committees, are searching for a lead, for a signpost which may show them the way to go. From none does the demand for such a signpost come more insistently than from the "conservative" element in the nation. The very triteness of this statement, the very recurrence of this demand two or three years after every general election, raises the question whether we in this country have ever learnt how to handle the Democratic Vote.

That Vote is hardly more than a century old. The elder Pitt discovered its first germ, but it did not come into existence much before the Reform Bill. Up to 1750 appeals to popular opinion in matters of "high policy" were almost unknown. The parliamentary candidate, confronted with the few individuals who were to be the arbiters of his electoral success or failure, rarely tendered them a thank-offering in advance, in the modern manner, by pledging his support to particular legislation in the next Parliament; the bribes he offered were more direct and immediate and, if he was pledged to support anything, it was the demands of the political deity who chanced to own the seat. With all deference to historians, a great deal of nonsense has been, and still is, talked and written about our constitutional democracy being rooted in the centuries. While it is true, within limits, that representative government of a kind has existed in England since the Middle Ages, up to 1832 it bore no conceivable resemblance to the democracy of to-day. The characteristic of modern democracy is that it is ruled by popular opinion, but that this ruling power is unable, either to translate itself into a steady majority outside the House of Commons, or to express itself in a stable administration inside. It has conquered the machinery of government. In less than half a century it took over

that machinery from the Monarchy, the Church, the peers, the property owners, and handed it to those whom Disraeli called "the suffering millions." From being a mere contributory cause of parliamentary power, the plaything, as it were, of the "Great Commoner" who first took it from the toy cupboard of our constitutional nursery, the popular will became the most powerful instrument and the final arbiter of Government. But it remained an uncertain instrument. For a century the House of Commons has represented the people, but in that time statesmen and politicians in power have not learnt how to maintain the fidelity of their electors.

Until that lesson is learnt—unless, by continual vigilance, the popular vote can be kept up to the level of the specified objects and desires which impel it to return a particular political party to power—no government can continue to govern long enough to ensure reasonable continuity of policy. Present problems of policy have been dealt with in previous chapters, but, from the point of view of one who stands outside Parliament, it may be well to consider the various political elements which appeal to the Democratic Vote.

It is the more important to do so because, while stable government based on knowledge of, and sympathy with, popular feelings is our only

hope, stable government without that knowledge and sympathy is an invitation to disaster. It is curious how administrative responsibility deprives a government of the ability to judge public sentiment from session to session, and to understand at each season of the years during which it holds office in what direction public sentiment is moving. Hence the danger of dictatorship. Dictatorship comes either as an effort to prolong by statute the policy of one political faction without consulting the elector, or as a reaction against a long period of government under the auspices of such a faction; and, throughout Europe, it is in this latter form that democracy has met its downfall. In every case it has been the left wing faction that has governed too long and, while prophecy is notoriously dangerous, it is almost certain that another left wing government in Great Britain would be followed by at least an attempt at reaction towards dictatorship. Tolerant as this people is, they will not suffer another collapse of parliamentary government of the 1931 type. But a period of left wing government which would invite such a reaction may itself be invited by the failure of the only alternative parliamentary government. There are only two important political divisions in this country, the Socialist and the anti-Socialist; and there is no doubt that the anti-Socialist party is



threatened with failure to-day, owing partly to the apathy of the anti-Socialist vote and partly to the curious debility which seems to characterise the work of anti-Socialists outside Parliament. This apathy and debility surely arise from two main causes: among the mass of voters, from sheer lack of interest in the damage which five years of Socialist Government may cause to the fabric of the nation; and among voters with what used to be called "a stake in the country," from sheer inability to visualise the extent of that damage.

To take the mass of voters first, the *theories* of parliamentary government interest the working man and woman not at all; the results are all they care for. But this does not mean that they have no eye for *principles*. On the contrary, their support can probably only be won by principles, as distinct from theories or isolated pledges, for the results in which they are chiefly interested are future results, and principles are the best link between the achievements of the past and the hopes of the future. Failure to recognise this fact surely accounts for the failure of the conservative party to carry lasting conviction to the electors since the War, either in the field of external or in the field of home policy.

In imperial and foreign policy during that period, neither conservative nor socialist has

been able to formulate any principle at all. In foreign policy we have seemed to be governed from hand to mouth by a League of Nations mainly representing the interests of other European States, while in major imperial issues we have seemed to have been ruled by academic theorists. The vision of imperialism, as presented in the obscure language of academic theory, does not appeal to the ordinary voter, and he simply does not understand how his country's interest is served by continental alliances or schemes of international co-operation. In home policy he not only understands policies affecting housing, food, health, education and employment, but he is prepared to fight for them. In this field, what has happened since 1924? Consider all that has been accomplished during eight years of conservative and national conservative government. Our system of education, sanitation and health, pensions and unemployment relief is unrivalled. The re-housing of a very large proportion of our working class population has been accomplished in face of almost insuperable difficulties. Our public finance and our industries are stable and relatively prosperous. But after all this, party organisers and leaders are petulantly demanding why public opinion is so unappreciative of all that has been given them since the War. Money

is spent year after year on leaflets, pamphlets, booklets, and other forms of propaganda; why, then, are our party organisations so poorly attended, why do our candidates and speakers find it so difficult to collect and hold popular audiences? The answer is the old one—that the electors are not interested in what has been done; they can only be converted into potential supporters of a Government by being convinced that it has a policy for the future. How is that conviction to be conveyed?

It can, of course, be conveyed, in some degree, by pandering to the most serious defect of democracy: by offering the greatest possible prospect of social improvement and social amenity in return for the least possible amount of popular effort. Such boneless baits have been used by all parties to catch the fancy of electors ever since representative government existed. Indeed, the only occasion in recent years when no such bait was used by the party in power was the 1929 election, when the conservative party contented itself with a “safety first” assurance to the country that business would be as usual upon its return to power. But the failure which attended this refusal to use bait was not worse than the disillusionment which, every three years or so, overtakes the elector who has been caught by wilier fishermen. This disillusionment tends to become

deeper as time goes on and, sooner or later, these flat-catching methods must end in convincing electors of the uselessness of all politics.

The only alternative to these methods is to lay before the electors, not at a general election, but (say) two years before it, a planned long-term policy, explicitly based on coherent principles. On the basis of such a policy government supporters in the constituencies could conduct a continuous campaign, from Parliament to Parliament, from decade to decade, in place of the spasmodic and often ludicrous attempts now made to amuse the voters between elections. No doubt, at every general election, such a policy would tend momentarily to disintegrate into a number of specific bids for votes in much the same way as now. No doubt, too, these bids would be outbid by the opposition. But, at least, the plans would have been published and discussed, as a whole, two years before, and the voter would consequently have a better opportunity than now of making an intelligent choice. There should always be a clear-cut design for future policy running side by side with the day-to-day administrative and legislative measures of the government in power.

This is, of course, the secret of the Socialist Party's strength. They have realised that the collective voice of millions must tend to change

its tune from year to year and that, unless this tendency can be counteracted by tuning that voice to one constant pitch, no government of any faction can remain long enough in office to accomplish lasting and substantial service to the Nation. Only the ceaseless activity of Labour organisations up and down the country since 1900 has enabled their Party to return members to the House of Commons. The material of their propaganda has been of the crudest, unsubstantial as a wraith, often a mere emotional appeal to the discontents of the underdog; but it has proved potent because it has been embodied in the actual and continual sacrifice by thousands of party workers of the scanty leisure which the conditions of their work allow them. If they, with such poor material, have been able to do so much, there is ground for believing that a real policy, backed by all the resources of tradition and foresight which the conservative party have at their disposal, would enlist sufficient constant support to guarantee a government at least ten years of office.

We pass from the mass of voters to the second class of electoral opinion which we have roughly described as those "with a stake in the country." This phrase is, of course, a faulty one, for, as recent events have shown only too clearly, no citizen has a greater stake in the country's pros-

perity, nor one more easily lost, than the mass of property-less workers. Still, the phrase may serve as a summary description of those who enjoy a larger share of education and responsibility than the mass of citizens.

Among such people "disinterestedness" undoubtedly springs from a feeling, which has been growing ever stronger in the last year or two, that the conservative party, with its leaders and its rank and file inside and outside the Houses of Parliament, is fading out. This feeling is not diminished, but rather accentuated, by the fact that the whole conservative influence has been thrown in support of National Government. Superficially, this feeling has much in common with the ordinary run of articles printed from time to time in the daily press under the headline of "Wake up, Conservatism," or "Where are the Tory Leaders?" Perpetual grumblings of this kind may be heard in clubs and round dinner tables—vague statements that this or that individual leader is played out, that the country or the party wants this or that, that we must provide ourselves with a policy with a "kick" in it. But this is only the surface; the real source of the feeling lies much deeper. It cannot be defined without the risk of misunderstanding, but the attempt must be made.

The truth is that much of the confidence which

the conservative party used to enjoy was won by virtue of a certain "aristocratic" element in that party; and it is commonly believed that this element is disappearing, not only from the party, but from public life. Political leadership and public service, it is said, no longer seem to attract men of the "leisured class," those men who, in former generations, seemed to be able to devote a whole life to politics without ever quite becoming professional politicians or ever quite ceasing to be amateurs. The "gentlemen of England," so the complaint runs, made their last bow to public life in the Great War, and the proletariat and democracy are now conducting their obsequies.

In a sense, of course, this is true. In the post-war era there has certainly been a break in the continuity of this "aristocratic" interest in public service. The break is mainly due to the intolerable strain of maintaining a traditional standard of living under changed conditions. The "leisured class" hardly any longer exists. It is earning its living. Its members are preoccupied by the calls of their various professions; they are interested in commercial, financial or industrial activities, and are finding there opportunities for service which seem to them more likely to produce results than competition for a precarious seat in the House of Commons. But it is also true that the present House of Commons is full of young

men of just this class. The trouble is, not that they do not enter politics, but that the very qualities which won them a large measure of popular confidence in the past render them impotent, as individuals, in face of the vast and determined professional organisations in politics which aim at changing the constitution and destroying the wealth of the nation. The tragedy is that, in this unequal struggle, they get little or no support from the very men who are in the habit of deploring their supposed disappearance from public life.

The political attitude of leaders of British industry, finance and commerce is peculiar. The more their interests depend upon the action of their representatives in Parliament, the more freely do they express their contempt for politicians and ridicule the policies of governments. Yet this curious antipathy seldom survives personal contact. Once let a Minister of the Crown appear on the doorstep of the industrialist's office, and resistance, contempt, laughter and criticism evaporate; the industrialist is at once all attention and on his best behaviour. One has seen this happen, over and over again, at City dinners in London, when successive speakers, all of whom one has heard reiterate their abhorrence of politicians, overwhelm their chief guest, the Chancellor of the Exchequer or the President of



the Board of Trade, with almost unbearable adulation.

As a matter of fact, this apparent contradiction is due to a very respectable cause. It is a tradition, and a sound tradition, in British business that commercial concerns should not interfere in party politics, but should be impartially loyal to the Government of the day, whatever its political complexion. To the business man, a Member of Parliament is a politician, but a Minister is the responsible servant and adviser of the Crown. But, respectable as this tradition is as a standard for business *concerns*, it has an element of dangerous absurdity when adopted by the business man to regulate his *individual* action as a citizen outside his business. In a parliamentary democracy, the best governments will not be secured by kicking the politician so long as he is a cabin boy and giving him halfpence only when he has become a captain and no longer needs them.

One does not wish to appeal to the business man on the basis of his self-interest, pointing out to him that a party which is constantly accused by its opponents of being devoted to the interests of the moneyed classes, but which can rely on no consistent support from those classes, is only too likely to fall between two stools, failing to give to those who are responsible for maintain-

ing the income of the nation the protection which the welfare of the nation requires. One would prefer to appeal to him as a citizen who is peculiarly responsible for the good government of his country, but who is at present doing much to discourage all efforts at good government. After all, the "mass voter" whom we have described may be fickle, but there is a great body of conservative voters in this category upon whom the party can always rely. It is often the more "responsible" voter who is the more changeable, and who seems to need the greater measure of rudimentary political education. Put in terms of rough figures, conservatives are fighting the battle of national economic security with the assistance of, at most, about fifteen per cent of those responsible for the industrial and commercial prosperity of the nation. Unless that figure can be trebled, the contest will be unequal, and may only be saved from becoming a rout by the efforts of the "mass voter."

But, here again, it is the politician who must make plain the face of the battle, by a more coherent statement of his principles and his policy. For over one hundred years the wage-earning classes have struggled for power, and to-day they have it. For over one hundred years, those who had political power, the responsible controllers of property and commercial enter-

prise, have lost their hold upon it. Their hold has loosened in proportion as the nation's dependence upon the success of commercial enterprise has increased. Nor, on our past experience, is this to be regretted. Democratic government, as we in this country have known it in the immediate past, is a fair, a reasonable and a secure method of distributing political power. But democracy controlled by Socialism must become the servant of a faction. It is because democracy so controlled is unworkable that nation after nation in Europe has been forced to abrogate the principles of democratic government. But they have been forced into that desperate measure because there was no coherent alternative principle at work within the democratic system. In the absence of such an alternative, peoples have allowed themselves to be marched into the strait-jacket of dictatorship; they have staked their faith in the strong man, the incomprehensible and shameless demagogue; they have thrown aside their hard-won power and freedom, and have demanded to be led away from the wilderness of doctrinaire politics, caring little whither they are being led.

The prospect of dictatorship, even in a mild form, may seem remote in this country; but the prelude to dictatorship is not far off. If it is to be averted, the conservative party must formulate its alternative much more clearly than it has

THE ELECTORS DEMAND A POLICY 319

yet done, and must enlist in its support all those who have any faith in the future of this nation as a free people.